

[1937]

HOLIDAYS WITH PAY



The T.U.C.

Policy



HOLIDAYS WITH PAY



¶ Memorandum of Observations and Proposals of
the Trades Union Congress, presented to
the Government Committee on
Holidays with
Pay.

¶ Minutes of Evidence given by Sir Walter Citrine,
K.B.E., General Secretary of the Trades Union
Congress, before the Committee
on June 8th,
1937.

Foreword

THE Trade Union Movement has, for many years, been actively concerned in securing the application of the policy of Holidays with Pay.

Public interest in this policy, fostered by recent legislation on the subject in other countries and by the discussions at the 1936 International Labour Conference at Geneva, has now become widespread.

In the following pages will be found the memorandum of evidence submitted by the Trades Union Congress to the Government Committee on Holidays with Pay, and a verbatim report of the oral examination of Sir Walter Citrine, who appeared before the Committee as the witness of the Trades Union Congress. Together they comprise a most informative document which is certain to be of the utmost interest to Trade Unionists and to all students of social and industrial problems.

MEMORANDUM OF EVIDENCE

INTRODUCTION

1. The Trades Union Congress is the central body representative of the very great majority of British Trade Unions and Trade Unionists. As such, it is regarded by Governments, by central associations of employers and by other national organisations as competent to speak on behalf of the British workpeople as a whole. In that capacity it nominates its representatives to serve on the Governing Body of the International Labour Organisation and as delegates and advisers to general and special conferences of the I.L.O. as members of Royal Commissions and Government Committees, as members of such statutory bodies as the Railway Rates Tribunal, National Advisory Council for Juvenile Employment, Unemployment Insurance Statutory Committee, Transport Advisory Council, etc., etc., and as members of various national organisations engaged in matters of interest to workpeople.

2. There are at present affiliated to the Trades Union Congress, 216 Unions with an aggregate membership of approximately 4,000,000, covering workpeople in almost every branch of industrial and commercial activity. Practically all the unions who are eligible for membership of the Trades Union Congress are affiliated, and the policy followed on major questions by most of the unaffiliated unions is closely related to that laid down by the Congress. Thus the representative capacity of the Trades Union Congress is not to be measured solely by the total of its directly affiliated membership, and it may be taken that the statements in this memorandum represent the views of workpeople as a whole.

3. The interest of the Trades Union Congress and of its affiliated Unions in the subject of annual holidays with pay is not of recent origin. Commencing with a resolution passed at the Annual Congress of 1911, resolutions calling for legislation or for Trade Union action to secure annual holidays with pay for all workers have been discussed and passed at several subsequent annual Congresses including a resolution passed at the most recent Annual Congress held in 1936.

4. The executive and administrative work is carried on by a General Council of 32 members elected by the delegates to the Annual Congress. Acting upon the holidays with pay resolutions of Congress the General Council have, on various occasions during the past 26 years, directly urged the Government to promote or to facilitate holidays with pay legislation and have encouraged and assisted affiliated unions in their efforts to secure payment for annual holidays by collective agreement. The number of collective agreements concluded and the number of applications made for annual holidays with pay is sufficient evidence of the continuous and widespread interest taken in the subject by the separate affiliated Unions.

5. This memorandum has been drawn up by the General Council of the Trades Union Congress after careful consideration of the problems connected with annual holidays with pay and after such consultation with

its affiliated Unions as was possible within the limited time available. The present memorandum does not claim to be a complete presentation of the case, and the General Council may desire to present a supplementary memorandum at a later stage in the Inquiry. The General Council will hold itself in readiness to supply at any time in the course of the Inquiry any information and assistance the Committee may require.

GENERAL OBSERVATIONS

6. The necessity to allow to all employed persons regular periods during which they may be free from their normal employment is as generally and fully admitted as is the necessity for all persons to rest periodically from all activity. This, indeed, is the basis of all legal and other limitation of hours of daily labour and the working week. Briefly, the main part of the general case for annual holidays with pay is that regular annual holidays are an integral part of those admittedly necessary regular periods of freedom from daily toil, commonly described as periods of leisure.

7. In part, this necessity to allow to employed persons periods of freedom from work springs from the necessity to allow the mind and the body, by rest and recreation, to recover from the mental and physical fatigue induced by work.

For every individual in any occupation there is a maximum of hours each day, days each week, and weeks each year beyond which labour is impossible, or can only be continued at such a cost to health and efficiency as to render it, in the long run, unprofitable both to the individual and the community. This is seldom disputed nor is it often contested that leisure must be adequate. Differences arise only when it is attempted more precisely to define the length and regularity of the necessary periods of leisure, either directly or by implication by defining the maximum or optimum periods for which labour can profitably be sustained.

8. We do not wish to enter deeply into such questions. Indeed, we are inclined to deprecate, as redundant and misdirected, attempts to treat the problem of leisure as a problem of prescribing the exactly correct quantities of leisure for the treatment of fatigue and strain. The need for leisure springs in part from the need to recover and sustain normal fitness, but in part, also, it springs from the need of employed persons for opportunities to engage in activities and pursuits more satisfying to their individual inclinations than the daily routine usually associated with earning a living.

9. We attach great importance to opportunities for participation in such activities and pursuits. They provide for the possibility, not merely of recovery, but of the freely chosen development of the human personality, often more recuperative than rest itself. We shall discuss later in this memorandum the wide social significance of opportunities for individual development. For the moment we mention them in order that it may not be forgotten that an employed person is not merely a machine to be kept in reasonable working order, but a human being with a life of his own to be lived and enjoyed.

10. The general case for annual holidays with pay is, therefore, not one that needs the support of specific evidence. The immediate problem of annual paid holidays, no doubt, involves comparisons of need and benefit with practicability and cost and, in putting forward later

in this memorandum the immediate case for annual holidays with pay, we shall give consideration to such matters. The general case, however, can be argued simply. The need for leisure is admitted. It is, as we have suggested, mainly a question of deciding whether the admitted need for leisure is satisfied by the usual daily and weekly breaks in employment.

11. There can be few, if any, who would assert that it is. From ordinary experience it seems to us indisputable that an employed person requires at least once in each year a complete and sustained break from the performance and the environment of his normal occupation. Commercial and professional people, and the well-to-do sections of the community have long enjoyed such facilities as a matter of course. The working class has not, unfortunately, as a general rule, possessed such an advantage. It requires no profound insight into the structure of the human mind and body, or comprehensive statistics of the incidence of sickness and disease to realise that consistent failure to take extended rest and recreation, free from the imminence of work and worry must, sooner or later, be reflected in lowered vitality and ill-health. Nor is it possible to contend that adequate opportunities for such extended rest and recreation are provided by the leisure of an evening or week-end.

12. It will, also, hardly be disputed that opportunities for holidays ought not to be accompanied by loss of income. There are very many people, certainly the great majority of employed persons, who, if their income ceases for any period, find it impossible during that period, and often for periods previous and subsequent to it, to take proper rest and recreation free from worry. No one thinks of an unemployed person as a person on holiday. Leisure without income, in fact, is more often an occasion for added strain and a cause of deterioration than an opportunity for recuperation and development.

THE PRESENT POSITION AND PRACTICES

13. For some classes of workpeople, mainly the non-manual or salaried classes, holidays with pay is secured by long established custom. The movement for holidays with pay for workpeople generally had definitely commenced by the beginning of the present century. Little was accomplished, however, in the way of extending the practice of payment for holidays to manual workers and wage-earners by the time of the outbreak of the War in 1914. With the end of the War in 1918 interest in the matter revived and increased. The post-War years have seen a fairly rapid and extensive development of the practice of payment for holidays—a development in which so far Great Britain appears to have lagged somewhat behind countries of supposedly inferior social and industrial development. By 1936, 38 States members of the International Labour Organisation had passed legislation dealing with holidays with pay for all or certain categories of workpeople. In 22 of these countries the legislation now covers all workpeople, manual and non-manual, wage-earners and salaried employees, and in five of the remaining 16 it covers manual workers only.

Great Britain

14. In Great Britain holidays with pay, where granted, have been secured by custom, collective agreement or by individual arrangement with the employer. In no case is payment (and, indeed, only to a very limited extent is a holiday) secured by law.

15. Payment for holidays is secured largely by custom, and to some extent by collective agreement, to the majority of salaried employees, clerks, and, to a less extent, employees on "standing wages" in industry, commerce, and public services generally, to shop assistants, and other employees engaged in the distributive trades, and to the staffs of hospitals and institutions. It is impossible to form any very accurate estimate of the number of employees covered in this way, but it can hardly be less than 2,000,000. There are national and district collective agreements already in existence providing holidays with pay for manual wage-earners in at least 34 separate industries and services. According to the "Ministry of Labour Gazette" of April, 1936, and a reply of the Minister in the House of Commons on April 15, 1937, it is estimated that the number of workpeople covered by these agreements is between 1,500,000 and 1,750,000. It is also known that some individual firms have introduced holidays with pay schemes covering manual workers as well as salaried employees, but it is not known exactly how many such individual schemes are at present being operated or how many manual wage-earners are covered by them. We estimate that the number of wage-earners covered is probably less than 250,000. Altogether it is probably reasonable to assume that somewhere about 4,000,000 employed persons, exclusive of the higher paid salaried employees, are at present in receipt of annual holidays with pay in one form or another.

16. Details of particular practices vary considerably. The length of holiday allowed varies from as much as 24 working days (apart from public holidays) to as little as three working days (apart from public holidays). In some instances a period of qualifying service is stipulated, and in some instances not. The period of qualifying service itself varies, and in some cases the length of the holiday varies with the length of service. Conditions other than qualifying service such as good time-keeping, etc., may also be attached to the receipt of the paid holiday. It is noticeable that in the case of paid holidays secured by custom or by collective agreement instances of such extra qualifying conditions are less frequent, and the conditions less onerous than in the case of paid holidays granted on the initiative of employers.

17. Payment is, in some instances, of a prescribed sum. In other instances it is based upon average earnings calculated in a variety of ways. In a few instances there are schemes jointly contributed to by the employers and workpeople. In some cases a minimum number of consecutive days' holiday are prescribed, and also the period during which they must be taken. In some cases the holiday can only be taken at the discretion of the management. We assume that the Committee will have been supplied with the account of the various practices given in the "Ministry of Labour Gazette" for April, 1936. Consequently, it is unnecessary for us to go into more detail here. Generally, however, it may be said that schemes in operation are intended to provide at least one full week's holiday during the summer with payment equal to normal full time earnings.

Irish Free State

18. Annual holidays with pay are provided for in the Irish Free State by the Conditions of Employment Act, which came into force in May, 1936. The Act covers all persons engaged in industrial work, but the expression "industrial work" does not include agricultural, commercial or domestic work, or mining, and the transport of persons and goods.

19. Every person covered by the Act is entitled to not less six consecutive days' leave in every complete employment year with the same establishment, if he has worked not less than 1,800 hours in the establishment. This provision is presumably to cover short time or intermittent workers, as a normal period of 52 weeks of 48 hours per week would represent 2,496 hours. Provision is made in the Act for persons who cease to be employed in an undertaking at any time other than the end of a complete employment year.

20. The rate of holiday payment for time workers and pieceworkers is laid down in the Act. In the case of the worker who is paid by time, he receives holiday payment at the rate at which such remuneration was payable before the commencement of the annual leave. If he is paid by the week he will receive for his holiday one week's pay equal to the pay he received in the week previous to his holiday. If he is paid by the day he receives for his week's holiday, an amount equal to the daily wage he received in the week prior to his holiday multiplied by the six days of his holiday. If he is paid by the hour, he receives an amount equal to the hourly rate of his pay in the week previous, multiplied by the number of hours of his normal weekly employment.

21. In the case of a worker whose ordinary remuneration is wholly piecework wages, or partly piecework wages, and partly calculated by time, he receives for each day of his annual holiday an amount equal to the average of his daily earnings (exclusive of payment for overtime) during the whole of the period in respect of which the annual leave is allowed.

22. The Irish Trades Union Congress has informed us that they have no knowledge of any difficulties having arisen in regard to the application of the Act to timeworkers, pieceworkers, casual workers or seasonal workers.

France

23. An Act providing for annual holidays with pay was promulgated and came into operation in France in June, 1936. Several decrees and administrative circulars have since been issued containing regulations relating to the general operation of the Act and its application to special categories of workpeople, such as agricultural workers and those not normally employed in the same establishment continuously throughout the year.

24. The Act covers "every manual worker, non-manual worker or apprentice employed in industry, commerce or the liberal professions, or in a co-operative society, and every journeyman and apprentice employed in a handicraft undertaking." It provides that every person covered by the Act shall have the right, after one year's continuous service in the undertaking, to 15 days' continuous holiday, including at least 12 working days with pay. If, when the regular holiday period in the establishment occurs, a person has been employed in that establishment for at least six months he shall be entitled to six days' continuous holiday with pay. These provisions are to be without prejudice to the granting of longer holidays in accordance with established custom or collective agreement.

25. The Act itself lays down the basis of holiday payments, which shall be equal to: (a) for timeworkers, to the wage that he would have earned during the holiday period; and (b) for workers paid according to some other method, to the average remuneration received by him in respect of an equivalent period during the year preceding his holidays.

This payment must include family allowances and other supplementary allowances, in cash or in kind.

26. Decrees issued subsequent to the passing of the Act relate to persons employed in agriculture, forestry, etc., port workers and persons employed in the building and allied industries. The decree relating to agriculture is concerned mainly to modify the application of the general provisions of the Act and its interpretation to permit, within limits, holidays to be taken in broken periods and outside the "active" season. The decrees relating to port workers and building and allied trades workers stipulate that, in order to meet the problem of discontinuous employment within those industries, compensation funds shall be established to which all employers shall be affiliated and pay the appropriate contributions, and from which the employee receives his holiday payment. These decrees also stipulate that rules for the management of the funds must be approved by the Minister of Labour, who must also determine the extent of the area to be covered by a single fund. Provision is made, both in the Act and in subsequent decrees, for certain matters to be decided by collective bargaining.

Other Countries

27. It may be of interest to the Committee if we described something of the systems of paid holidays which exist in certain other countries. The information which is given in this section concerning Belgium, Norway, Sweden, Denmark, Soviet Russia, Germany, Italy and Australia has been taken mainly from the documents and publications of the International Labour Organisation. That concerning South Africa, New Zealand and the United States has been obtained by us from the Trade Unions in the countries concerned.

Belgium

28. By an Act of 1936 and subsequent Royal Decrees, holidays with pay are granted in Belgium generally to all employed persons, except those employed in small establishments. Under the Act workpeople are generally entitled to six days' holiday after completion of one year's continuous service with the same employer. Special decrees so far issued for the application of the law to particular industries have modified the provisions of the general Act to allow holidays with pay to workpeople who are not continuously employed in the same establishment. In the building and public works industry arrangements arrived at by agreement by the organisations of employers and workpeople within the industry have, by Royal Decree, been made binding. Under these arrangements the industry is required to set up a central fund to which employers contribute by the purchase of holiday stamps to be affixed each month to books issued to workers. The principle of the fund is similar to that of the French compensation funds—the intention being to allow for contributions to be received and payments to be made in respect of workpeople who frequently change their employer.

Norway

29. The Labour Protection Act which was passed in Norway in 1936 and came into force on January 1, 1937, granted to 500,000 workpeople a minimum of 9 days' annual holiday with pay after one year's continuous service in an undertaking and proportionately shorter holidays for shorter periods of service down to 6 months. Collective agreements generally

contain clauses providing for holidays with pay, the length of the holiday being usually from one to two weeks. It is anticipated that by the end of 1937 practically all workers in Norway will receive a fortnight's holiday with pay as a result of collective agreements now in process of negotiation.

Sweden

30. Under an Act of June 12, 1931, workers in Sweden who have been employed for a considerable time by the same employer or in the same undertaking are entitled for a period of employment of one year without noteworthy interruption to an annual holiday of at least 4 working days, and this holiday must, as a rule, be granted during the summer half-year, be continuous, and be joined to a Sunday or public holiday. Holidays with pay are also granted under collective agreements in most branches of industry. In 1933 it was estimated that about 80 per cent. of all industrial workers and 90 per cent. of all salaried employees come under such provisions.

31. Under various Orders, collective agreements and other provisions, nearly all officials, as also the workers on the permanent staff of the State and communes, are entitled to an annual holiday with pay. A holiday is also customary for domestic servants and agricultural workers. In keeping with the I.L.O. 1936 Convention, the Swedish Government have appointed a Committee to investigate the question of holidays with pay with a view to submitting proposals for legislation.

Denmark

32. In 1934, as a result of industrial negotiations, the duration of paid holidays in Denmark in certain occupations was extended from three to six days. In the cement, match and flour milling industries, and also in several large undertakings, the workers were granted paid holidays for the first time. According to the I.L.O. Year Book, 1935-36, the Trade Union statistics of holidays with pay relating to 85 unions, comprising 421,615 members, show that the total number of paid holidays granted amounted to 1,254,862 days. The average holiday for each worker was six days.

33. Provision for holidays with pay has been made in most of the collective agreements concluded between 1935 and 1937. The present position is that nearly all workers, including the unskilled, are entitled to an annual holiday with pay. The exceptions are the building workers and some groups of unskilled workers, including dockers.

U.S.S.R.

34. The right to holidays with pay in the U.S.S.R. is based on the Labour Code of 1922 and the Regulations issued by the U.S.S.R. People's Commissariat of Labour for the administration of the provisions of the Code, dated April 30, 1930. The legislation covers all persons employed for remuneration.

35. Persons employed for at least five-and-a-half months in the same undertaking or establishment receive an annual holiday with pay amounting to not less than twelve working days for adult workers. Workers employed on specially dangerous or unhealthy work are entitled to an extra period of annual leave. If the holiday is not taken, the worker receives cash compensation instead. An Order issued by the Council of People's Commissaries on July 25, 1936, prescribed rules for the calculation of the

average wage on which the payment for the holiday period or the cash compensation is based. It provides that, as a rule, the wage or compensation due shall be calculated on the basis of the average wage for the twelve calendar months preceding the holiday or the payment of compensation. In calculating the average wage, all forms of payment are taken into account, including the social insurance benefit paid in case of temporary incapacity.

Germany

36. In Germany, holidays with pay are provided for most employed persons by collective rules. All the collective rules whether national, regional or local in scope, and irrespective of the activities to which they apply, provide for holidays with pay—usually six days' holiday for one year's service or less. It was stated in 1936 that 14,000,000 workers in Germany enjoyed paid holidays. In the building and carpentry industries the national collective rule of 1936 provides for a system of holiday cards. For each employee for each week he works the employer must place a stamp on his card of the value of 2 per cent. of his salary. The holiday card is cashed at the post office and the holiday must be taken in the six days that follow the surrender of the card.

Italy

37. The Royal Decree of May 6, 1928, requires the trade associations to include in such collective agreements definite provisions on the subject of the annual holidays with pay due to workers in undertakings working continuously throughout the year. Temporary workers whose conditions of employment are not regulated by collective agreement, are entitled to holidays with pay if they have completed one year's continuous service in an undertaking working throughout the year. For workers employed in undertakings not working continuously throughout the year, or in seasonal establishments, collective agreements require: (a) compensation for dismissal to be supplemented by compensation in lieu of holidays with pay; (b) service completed in successive periods to be added up in calculating length of service for holiday purposes; and (c) the annual holiday to be spread over the different periods of service. The holiday is a minimum of one week for one year's continuous service, and collective agreements establish longer holiday periods based on length of service, e.g., 10 days after 10 years' service. During the holiday the worker is entitled to his usual remuneration plus the average amount of any extra pay received during the previous six months.

Australia

38. Many arbitration awards of recent years make provision for holidays with pay. In New South Wales, under the industrial arbitration laws of the State, the Industrial Commission and Conciliation Committees are empowered to make provision in industrial awards for holidays with pay. It is estimated that one-half of the awards covering wages employees prescribe annual holidays on full pay. Under The Public Service Act and the Government Railways Act employees of the public service and of the railways are entitled to annual holidays on full pay. Practically all the State awards covering salaried employees prescribe annual leave with full pay—usually for three weeks. About half the State Awards covering wages employees prescribe annual leave with full pay—usually for three

weeks. The holiday is due after twelve months' work and ranges from one to three weeks.

39. In Western Australia, most of the industrial awards in force provide for an annual holiday with pay, varying from one to three weeks. The length of service required is usually one year, but if the employment is terminated before a year has elapsed, a holiday proportionate to the length of service is generally allowed.

South Africa

40. We have been informed of two collective agreements in force in the Union of South Africa. In April, 1937, an agreement arrived at by negotiation between the unions and the employers in the iron and steel manufacturing and engineering industry was made legally binding in the province of Transvaal. Under this agreement each employee is entitled to 18 working days' paid holiday, the qualification for which shall be 294 shifts, exclusive of overtime, actually worked on a 6-day working week basis, or 49 calendar weeks of employment in the case of an employee working on a five-day week basis. No employee shall engage in any employment for gain during the period of his holiday, and if an employee does not take his holiday within a period of four months after it becomes due to him, the money shall be forfeit. Holiday payments are computed at the contract rate of pay of which the employee is in receipt at the date of qualification, except that employees engaged on piecework shall be paid holiday pay at the prescribed minimum time-rate for the class of work being performed. In addition to this a substantial holiday bonus is paid. The qualification for the holiday bonus is the same as the qualification for the holiday.

41. When the employment of an employee terminates before he becomes entitled to the full 18 days' holiday and bonus described above, he is entitled to a number of days' holiday with pay and bonus proportionate to the period for which he has been employed, and the employer must furnish the employee at the time he leaves his service with a voucher setting out the number of shifts or calendar weeks of employment which count for holiday leave and the proportion of the bonus to which he is entitled, and immediately forward to the Secretary of the Council for the Industry the money equivalent of the holiday, and the proportion of the bonus to which the employee is so entitled, except that employment for less than 30 shifts or 5 calendar weeks with the same employer does not count for leave purposes. Where, however, an employee's service with the same employer is broken and he resumes work with the same employer, he shall be credited for holiday leave purposes with the total number of shifts or calendar weeks worked with such employer, provided that he does not work for another employer in the interim.

42. An agreement in the leather industry amended on the 22nd November, 1935, provides for one week's holiday with pay per annum to each employee in the leather industry of the Union of South Africa. In cases where the employee has not completed one full year's service he is entitled to holidays with pay in proportion to the amount of time he has worked.

U.S.A.

43. In the United States of America, there is no legislation providing holidays with pay. We are informed by the American Federation of

Labour, however, that a number of collective agreements have been concluded recently making provision for holidays with pay. Collective bargaining in the United States is, generally speaking, carried on by local negotiation, and it is not possible to give any general review of the agreements in operation. We are informed that a report has been published by the National Industrial Conference Board, on Vacations with Pay for Wage-Earners, and that this report views favourably the establishment of holidays with pay for wage-earners. We hope to be in a position at a later date to supply the Committee with more information on this point.

44. At the National Conference on Labour Legislation convened by the Secretary of Labour, and attended by representatives of the Governors of 39 States, held in Washington in November, 1936, it was decided to endorse the principles set forth in the International Draft Convention on holidays with pay, and to explore the possibility of promoting legislation on the question. It was recommended that legislation on the subject be drafted for the States. The Governor of Pennsylvania has recently announced a new system of employment which will give a 15 days' annual paid holiday to all employees of the State of Pennsylvania.

New Zealand

45. The Agricultural Workers Act, which came into force in New Zealand in October, 1936, provides for every agricultural worker who is employed on a dairy farm for not less than four weeks continuously, to be allowed a holiday of not less than 7 days in the aggregate for every 12 weeks of employment and a holiday of a proportionate part of a week for every broken period of employment. The holidays are to be allowed at such time or times as the employer thinks fit, but so that not less than 28 days in the aggregate shall be allowed during each year of employment. If an agricultural worker is allowed a half-holiday from noon for the remainder of the day on some day in each week of his employment, it shall be sufficient compliance with the provisions of the Act if he is allowed an additional holiday of not less than 14 days in the aggregate during each year of his employment. Before the commencement of any holiday of more than 3 days allowed to a worker under the Act, his employer shall pay to him wages for the holiday at the same rate as for ordinary working time, including in every case an allowance in respect of board and lodging. In New Zealand, generally, annual holidays with pay are given under arbitration awards. During the last 8 months practically every arbitration award has included provision for annual holidays with pay. The qualifying period of service is usually 12 months, but many of the awards provide for the payment of cash compensation in lieu of holiday and in proportion to the period of service, in cases where the engagement is terminated after 6 months' service but before the end of the year. The length of the holiday is usually one week, but there are awards providing for holidays of two weeks and more, according to length of service.

46. It is clear that the practices of different countries vary almost as widely as the practices within this country. A feature common to most countries, however, is the increasing interest that is being taken in the subject of holidays with pay and the increasing extent to which Governments are finding it desirable by legislation to extend the payment for holidays to cover wage-earners as well as salaried employees.

47. This increasing interest in the subject of holidays with pay is reflected in the activities of the I.L.O. As early as 1919, at the first I.L.O.

Conference held in Washington, the subject came under discussion. It was not, however, found possible to proceed with this until recently. After inquiries had been made and information collected, a Draft Convention and a Recommendation concerning annual holidays with pay were adopted by 99 votes to 15 and 98 votes to 15 respectively, at the 1936 Conference. The Draft Convention covers practically all employed persons, the chief exceptions being agricultural workers, domestic servants, and seamen. Seamen are dealt with in a separate convention, and the application of the principle to agricultural workers and domestic servants is to be considered in the near future.

THE IMMEDIATE PROBLEM

48. It cannot be said that the present position with regard to annual holidays with pay in Great Britain is satisfactory. Considered either by itself or in comparison with the position in many other countries, it leaves much to be desired. Out of a total employed population of at least 18,000,000, there cannot be more than about 4,000,000 who are at present in receipt of holidays with pay, not more than 2,000,000 of whom can be described as manual workers. Further, hardly any of these 2,000,000 receive a paid holiday of more than one week's duration, and many of them not even that.

49. The present position is the more to be regretted, since the need for holidays with pay has certainly increased in recent years. Employment to-day generally is more exacting than it was 10 or 15 years ago, and much more exacting than it was 25 or 30 years ago. It is not merely that industries have become more highly mechanised or "rationalised." That, indeed, has happened, and has undoubtedly led in many trades to the substitution of a speedy, repetitive and wholly uninspiring process for the exercise of individual craftsmanship. But, also, in trades in which there has been little or no mechanical improvement, and even in trades in which machinery is yet very little used, work has become considerably more exacting and onerous. The explanation is that mechanical improvements are not the most significant changes that have occurred in industry. The most significant change is that change itself has become more rapid and frequent. Industry to-day is constantly meeting change. Indeed, it purposely seeks and creates it.

50. The effect of constant change in industry can easily be imagined. It imposes upon workpeople and management the strain of continual readjustment. There seems to be no direct way out of the position thus created. Mechanical improvements and "rationalisation," which might, by simplifying and standardising processes, help to relieve this strain more often, only so simplify and speed up the process that the sheer sustained exertion and monotony of the work creates a greater strain than the one it might have relieved. On the other hand, if mechanical improvements are not available the worker has often to bear the double strain of continual readjustment and actually harder physical labour. Thus workers in both the unrationalised cotton industry and the highly rationalised motor industry can add their testimony to that of Mr. Baldwin (the ex-Prime Minister), who, in the course of a speech on April 13, 1937, said :—

But by far the greatest change, to my mind the most important and the most pregnant, is the change of speed that affects not only the working man but you and me Fifty years ago I never remember hearing the phrase 'nervous breakdown.' The thing was unknown. To-day there is no commoner

ailment ; it is an ailment common from the chairman of the greatest company in the kingdom to the workman of the lowest grade It is no longer a question of leisure or of wages ; it is a question of ensuring that at any rate those people who are in a position where they may suffer from the strain of nerves incidental to certain industries to-day may not be allowed to become what they will become if nothing is done.

51. This factor of constant change in industry has a further modern significance that is also related to, yet goes beyond, the effect it has on the health of employed persons. Change in industry is not something that can or ought to be prevented. It arises from the need for new and better products, and industry must always be ready and able to adapt itself to new demands. Yet if industry is to be able, readily and quickly and with the minimum of wasted material and effort, to turn to new products, it must employ workpeople who are not only physically fit but also mentally alert. The continued failure of industry to afford its workpeople proper opportunities for recuperation and development will surely eventually react as unfavourably on the health of the industry as it does on the health of its employees.

52. In the light of such considerations and those we put forward in the earlier part of this memorandum, it seems to us that the tendency to speak of the cost of annual holidays with pay in terms of direct and immediate money outlay is an unfortunate one. The benefits to be derived from annual holidays with pay and the cost incurred as a result of not giving an annual holiday ought properly to be taken into account. It would be much more satisfactory if the whole subject could be argued as a matter of comparative worth. Unfortunately, though money can be counted, health and social happiness cannot, and it is not possible therefore to compare the two.

53. It is commonly stated that the cost of a fortnight's holiday with pay would be equal to 4 per cent. of the total of the annual wages bill. It is not clear, however, if such a statement is relevant to the immediate problem of holidays with pay in Great Britain. The statement clearly takes no account of the number of persons who are already in receipt of such holidays with pay nor of those for whom the immediate problem is to provide only for additional holidays up to a fortnight. If there are about 4,000,000 such persons the total cost for the country as a whole would be much less than 4 per cent. of the total wages bill.

54. Further, the total wages bill of almost every undertaking includes payments that are unlikely to be included in any estimate of earnings for the purpose of holiday payments. There are, for instance, overtime payments, special bonuses and wage payments in respect of that number of workpeople in each year who will not qualify for the holiday payment. It is clearly quite impossible to say in advance what percentage addition to the total wages bill will be made by a fortnight's holiday with pay, except that it will certainly be less than 4 per cent.

55. The cost of a fortnight's annual holiday with pay in proportion to total cost of production will vary in each industry according to the proportion of wages to total cost of production, but is not likely in any instance to be very high.

56. The estimates of the proportion of wages costs to total costs in certain industries based on information supplied to the Committee on Industry and Trade and published in "Further Factors in Industrial and Commercial Efficiency," 1928, shows the lowest proportion as 4.7 per cent.

in the production of steel billets, and the highest as 74.3 per cent. in coal mining. The next highest is 46.1 per cent. in gas production, and the next lowest 7.6 per cent. in the production of steel ingots. For cotton spinning it is given as varying from 12.8 per cent., in the production of medium counts of yarn to 17.9 per cent., in the production of finer counts, in cotton weaving it is given as varying from 18.7 per cent. for medium cloths to 21.5 per cent. for finer cloths. The estimates are based in most cases on information relating to 1925. It is certain that the proportion has been reduced since then, and in coal mining in 1936 it was down to 64 per cent. Computations based upon information contained in the final reports of the Fourth Census of Production, 1930 reveal that the proportion of total wages paid to gross output (selling value of total output) varies from 4.7 per cent. in the drink and tobacco trades to 31 per cent. in mechanical engineering. The instances are rare indeed in which the proportion of wages to total costs exceeds 40 per cent. and it is usually nearer 20 per cent.

57. In instances where the proportion of wages costs to total costs of production are as high as 50 per cent., the effect on total costs of the addition of 4 per cent. to wages costs to enable paid holidays to be given would be to increase total costs by 2 per cent. or less than 5d. in the £. In instances where the proportion is as low as 10 per cent., the effect of a 4 per cent. addition to wages costs would be to increase total costs by 0.4 per cent. or less than 1d. in the £.

58. Even if the grant of an annual holiday with pay had no beneficial effect upon health and thereby upon production, and even if it were to cost the full 4 per cent. of the total wages bill as commonly assumed, we should still fail to agree that the cost is excessive or one that British industry cannot afford. During recent years profits have risen steadily. Mr. Colin Clark's analysis of costs and profits in industries covered by the Import Duties Act inquiry reveals that profits as a percentage of the wages bill increased in those industries from 54.4 per cent. in 1930 to 63 per cent. in 1933 and to 66.9 per cent. in 1934. The "Economist's" analysis of the reports of 2,186 industrial companies shows an increase in average dividend on ordinary capital from 5.8 per cent. in 1933 to 7.4 per cent. in 1935 and to 8.2 per cent. in 1936. The "Times" Trade and Engineering supplement for May, 1937, reveals the extent of the growth of industrial profits by a chart indicating that the net average earnings and dividends of 114 companies rose steadily during the years 1932 to 1936, net earnings from 3.7 per cent. to 5.4 per cent. and dividends from 3.8 per cent. to 5.2 per cent. When more recent information is available it is certain to reveal continued and increasing recovery. The condition of British industry in 1937 is certain to be better than in 1929, which has been regarded as a boom year.

59. It has been suggested on occasion that perhaps one reason for the comparative backwardness of this country in the matter of legislation for holidays with pay is to be found in the greater provision made here for unemployment, sickness and old age. If the suggestion is intended to refer to the cost upon industry of such provisions in comparison with the cost upon industry of similar social services in other countries, it can hardly be sustained. At our request, the International Labour Organisation has extracted certain figures taken from official sources of the countries concerned relating to the cost per insured person of social insurance. They show that the cost to the employer, as a percentage of wages, is

undoubtedly less in this country than in France, Austria, Czechoslovakia, Poland and Germany.

60. We do not wish too sharply to contrast Great Britain's backwardness in the matter of holidays with pay legislation with the readiness with which less prosperous countries abroad have adopted such legislation. Yet we cannot fail to note that 38 other countries have legislation providing for holidays with pay for at least some categories of workers whilst we are without any such legislation at all. We do not think it wise policy for a nation of the nature of Great Britain to continue to lag behind other countries in this matter. It is not, in the long run, to the advantage of Great Britain, by a policy of inaction to discourage the development of social legislation in other countries.

THE T.U.C. PROPOSALS

61. We submit to the Committee of Inquiry the following proposals relating to annual holidays with pay :—

- (a) All employed persons shall be guaranteed by law, after 12 months' service of not less than 1,800 working hours, or such hours as may be agreed by the organisations of employers and workers in the industry concerned, an annual holiday with pay of at least 12 working days, exclusive of bank and other public holidays.
- (b) All persons who have been employed for a period of service of less than 12 months shall be entitled to an annual holiday with pay of not less than one day for each completed month of service of not less than 150 working hours, or such hours as may be agreed by the organisations of employers and workers in the industry concerned.

NOTE.—The hours stated in paragraphs (a) and (b) are only intended to serve as illustrations, and should not be incorporated into the general law. We consider this is a matter which could most effectively be dealt with by collective agreement or other recognised negotiating machinery as suggested in paragraph 63.

- (c) The qualifying period of service necessary to secure such holiday may be spent in the service of one or several employers.
- (d) As a general rule, it should be provided that the holiday should be taken in one unbroken period. In exceptional circumstances, however, the holiday may be divided into two periods, provided that one period shall be of not less than six consecutive working days.
- (e) The holiday payment shall be such as may be decided by collective agreement or other established negotiating machinery in the industry concerned, but all persons shall receive as a minimum the customary hourly or weekly time rate provided for their grade as defined by any collective agreement, Trade Board Order, or decision of a Joint Industrial Council or other approved negotiating machinery governing his employment.
- (f) In cases where employed persons are paid partly in cash and partly in kind, their payment for the holiday shall include a cash equivalent of any such remuneration or other emoluments.
- (g) The contract of service shall not be broken by trade dispute, nor shall the period of continuity of service required in order to secure entitlement to a holiday with pay be broken by interruptions occasioned by sickness, accident, family events, military service, the exercise of civil rights, involuntary unemployment, or changes in the management of the undertaking in which the person is employed.
- (h) Any agreement to relinquish the right to an annual holiday or to forego such holiday, shall be void.
- (i) Any person who engages in paid employment during the course of a holiday with pay shall be deprived of his right to payment in respect of the holiday.

- (j) Nothing in the law or regulations providing for holidays with pay shall adversely affect any award, custom or agreement between employers and the workpeople which ensures more favourable conditions than those provided by the law.
- (k) Adequate penalties shall be provided for breaches of the provisions of the law. To facilitate enforcement every employer must keep in an approved form a record showing (a) date of entry of every person employed; (b) duration of annual holiday to which he is entitled; (c) date or dates on which holiday was taken; (d) remuneration paid.

62. It will be seen that our proposals bear some resemblance to the provisions of the Draft Convention and Recommendation concerning annual holidays with pay adopted at the International Labour Conference of 1936. Our proposals differ from the Convention and Recommendation mainly in prescribing an annual holiday with pay of at least 12 days instead of the 6 of the Convention. We see no reason to modify our proposal in this respect. We are convinced that annual holidays with pay of at least 12 days are necessary and practicable.

63. It may be suggested that though annual holidays with pay are desirable and even necessary, it is a matter which is best left entirely to collective bargaining and negotiation. We do not agree. We believe that any necessary flexibility and variety could be secured by making the law in general terms, giving to the Minister of Labour or some appropriately constituted authority power to give legal force to agreements concluded between the organisations of employers and workpeople in all or certain industries in prescribed conditions. We would approve arrangements whereby the organisations of employers and workpeople in each industry or group of trades should be required to submit an agreed draft scheme for the approval of the Minister of Labour. In the event of failure to do so after a prescribed period, or in cases where no proper negotiating machinery exists, the Minister should be responsible for drafting a scheme, after consultation with representatives of workpeople and employers. We have not considered in detail the form of machinery which it would be necessary to set up to administer the system of holidays with pay. Generally, however, it might be found desirable that questions of interpretation as affecting a particular industry should be dealt with through the machinery for collective bargaining in the industry. The Minister would still continue to be ultimately responsible and would be required to approve such interpretations. Unless, however, the right to an annual holiday is granted and secured by law, we do not see how it is ever likely to be extended to all categories of workpeople.

64. We are aware that seasonal, casual and other forms of discontinuous employment might require arrangements that need not necessarily be applied in industries where employment is usually continuous throughout the whole of the year. In other countries, notably France and Belgium, the position created by discontinuous employment has been met by the creation of central or "compensation" funds covering the whole or certain sections of the industries in which employment is normally discontinuous. It is probable that some such arrangement would be necessary in this country, and that the experience of the Ministry of Labour in the administration of Unemployment Insurance and the machinery already in existence for that purpose would prove very valuable in the operation of such schemes. The Unemployment Insurance Fund provides a model that might, with some adaptations, be fitted both to the collection of the contributions to a holiday fund and disbursements therefrom. It is

highly probable that the administrative costs incurred in such arrangements would be much lower than would be the case if the funds were to be administered separately by different organisations. We should point out that the administration costs would be, to some extent, met by the interest earned, and we consider that the remainder of the administration costs should be borne by the Government as their contribution towards the operation of a reform which would benefit such a large section of the community.

65. As far as possible the holiday ought to be taken during the summer months, but we are aware of certain industries and services in which it is not possible to confine holidays within a limited period of the year. We suggest that the law should safeguard as far as possible the right to the holiday within the period from April to October with the possibility of exceptions in cases where it is shown that exceptions are necessary. In these exceptional cases regard should be paid in fixing the period during which the holiday may be taken to the general custom with regard to the taking of holidays within the industry or services concerned.

THE COMMITTEE ON HOLIDAYS WITH PAY

Rt. Hon. LORD AMULREE, G.B.E., K.C., LL.D., *Chairman.*

Mr. ERNEST BEVIN.

SIR DAVID OWEN.

Captain GEORGE DEAKIN, M.C.

SIR FREDERICK RICHMOND, BT.

Mr. C. DUKES.

Mr. W. D. ROSS, O.B.E., LL.D.,
P.B.A.

Mr. H. H. ELVIN.

Mr. W. M. WIGGINS, J.P.

LADY FINDLAY, D.B.E.

SIR EVAN WILLIAMS, BT.

Mr. A. LYNDON LAWRENCE.

Miss ANNE LOUGHLIN, O.B.E.

Mr. H. M. PHILLIPS, *Secretary.*

At the sitting on June 8th, Sir Walter Citrine was accompanied by Mr. H. Berry (Amalgamated Engineering Union); Mr. W. Holmes (National Union of Agricultural Workers); Mr. W. Lawther (Mineworkers' Federation of Great Britain); and Mr. G. Woodcock (Secretary of T.U.C. Research Department).

NOTE

In the following Report questions and statements by members of the Committee are printed in italics.

Replies by Sir Walter Citrine and his colleagues in ordinary type.

REPORT OF THE EXAMINATION OF SIR WALTER CITRINE

Chairman : Sir Walter Citrine, do you appear with Mr. Berry, Mr. Holmes, Mr. Lawther, and Mr. Woodcock ?—Sir Walter Citrine : Yes.

We have read the memorandum you were good enough to send in, and we propose therefore to adopt it as part of your evidence, and if we do not take you through the memorandum paragraph by paragraph you will understand that it is not because we have omitted anything, but because we will only be dealing with the important points on which we think we might want some further explanation ?—We assume that you accept the remainder in writing.

Yes. Now, I understand, first of all, you base the claim for the holidays with pay more particularly upon the intensification of work in recent years, and say that owing to various changes which have taken place in industry, the intensity of work is much greater than it was a few years ago ?—That is a part of our case, it is not the whole of it.

Do you base this upon medical evidence at all ?—Well, we do not think medical evidence can really deal with this question. To our mind there has been insufficient attention in the way of specialised study given to this general question of industrial hygiene, and nervous strain. We do not think there is any really conclusive evidence on that aspect of the matter. We think we could cite medical evidence in support of our case, but we would not take it as conclusive, or as being the only ground for it.

I noticed you made a reference to speed and nervous breakdowns ?—Yes.

Have you observed much of that in the course of your experience ?—Well, there is a great deal more of it than there used to be. Our Approved Societies report that they are having more complaints in regard to nervous diseases reported to them than was formerly the case among manual workers.

What is that ascribed to ?—I should say two things. First of all, there is the general speeding up that has taken place and which is, I think, quite general in industry ; and, secondly, there is the greater mental alertness that people need to-day than they did say 20 or 25 years ago.

Of course, against that you have got the reduction in hours ?—That certainly is a factor which helps, but, as you know, we consider that the hours worked require very much greater reduction in order to give the worker anything like the conditions he should enjoy.

There is one further general point. You speak of 14 days holiday ?—Twelve working days.

And while they may be broken up week by week, if necessary, your aim is a fortnight's consecutive holiday ?—That is what we are aiming at.

What do you say about Bank Holidays ?—I think the case for the Bank Holidays is rather different to that which we are making now. It seems to us that only by a continuous holiday can we really get the recuperation, the rest, and the withdrawal from work generally, and the environment of work, which we need. The Bank Holiday is rather in a different category, and we would have to put somewhat different arguments for that.

In your present memorandum you make no claim for Bank Holidays with pay?—No.

Another point which occurs to me is that you speak about holiday payment in certain industries being regarded as a custom. What do you mean by that? I can understand you have got them by agreement or understanding, but is it usual in industry for holidays to be regarded as a custom and payment to be taken?—I think perhaps your word "understanding" is a better one. When an understanding has been in operation for a number of years we tend, of course, to regard it as a custom.

That is what you really mean?—Yes.

How would you propose to work a scheme of this kind, supposing it was adopted? In the case of any particular industry, would the holiday apply throughout the whole of that industry, and be given at the same time and throughout the country as a whole, or would each individual establishment be treated separately, and arrangements made according to the circumstances in the industry? How would you work it out?—Well, Sir, you will see from the later paragraphs of this Report (I think it is actually paragraph 63) that what we are aiming at is, while having the force of law behind any arrangement for holidays, to leave the actual details as flexible as possible. We feel that if we laid down the law in a cast-iron fashion, that conditions of a standardised character should apply right throughout the industry, we should fail in practice to attain our object. Because of that we feel that the law should be limited to dealing with the major points, leaving the details for settlement to be decided by the employers' and workers' organisations in the different industries. In the course of those negotiations, of course, the matters that you speak of would be taken into consideration. What applies to one industry would be perhaps quite foreign to another.

Mr. Bevin : Or one district?—Yes. Keep it as flexible as you possibly can.

Chairman : Of course, we know that in practice for many years there has been what they call a holiday week in the textile industry and other industries?—Yes, the Wakes, for example.

Mr. Wiggins : In the case of the Wakes, as you know, the holiday is divided out district by district so that they do not all have their holidays at the same time?—Yes, that is so.

Chairman : You would have a system within which the individual industries could operate their own holiday arrangements?—Yes. We regard the suggestion as something like this—first of all, the law is passed to deal with the general principles, then each industry is required to frame a scheme or schemes. In some industries you might have one scheme and in others, where the holidays of groups of employees would not be so easy to arrange, more than one; and we would put upon employers and workpeople the onus of drafting a scheme within a certain time, and submitting it to the Minister. Now, the Minister would have to make sure that the scheme did, in fact, conform to the principles laid down by law and was enforceable. When I say "industry," of course, I am still making the reservation in my mind that you might have to handle them by districts in some cases. For instance, when you come to port workers I think it would be almost imperative to do it that way. The French and the Belgians are finding it so in their case, although what they are doing is having a series of district schemes which are more or less autonomous, and yet are brought into some sort of harmony with a central

scheme. But, broadly speaking, our aim here is to keep the principle of collective bargaining, and negotiation and discussion between employers' and workpeople's organisations, side by side with a law laying down the principles. We want to get the utmost flexibility we can into the scheme subject to its conforming to general principles.

Of course, it would be almost necessary to do so, because the whole matter would be complicated by the fact of the school holiday season?—Yes.

*One would have to have some regard to that?—*We should have to have some regard to the school holiday season generally.

*Yes. Would you attach any conditions to the grant of a holiday, good timekeeping or matters of that kind?—*Well, we would not do it of our own volition. As a matter of fact, we make a note in our evidence that where schemes have been drawn up between the Unions and the employers in very few instances indeed are there such conditions. There are such conditions in private schemes which have been granted on the initiative of the employer.

*Do you know how those conditions work?—*I am afraid I could not say with any definiteness.

*With regard to the cost of the holiday. Who is to bear that in your view—the employer? What do you say to a contributory scheme?—*We are quite opposed to a contributory scheme. We definitely think that the employer should bear the cost.

*Of course, a scheme of that kind would be simple enough in the case of continuous employment, but in cases such as the building trade and the port workers, and so on, it might be difficult to apply. How would you deal with cases of that kind?—*Well, we have provided in the proposals that we make in our memorandum for classes of workers who change their employers, and we have also provided for what might be described as casual or intermittent workers. Our general view is that the holiday should be based not on continuous service, because we think that would limit it very considerably, but upon service given in the course of every year. It might be cumulative service, that is to say a man might have worked a certain number of hours or days with a particular employer; then he changes his employer and works for a second employer a considerable number of days or hours; and at the end of the year the various employers that he had worked for would be put to some sort of general calculation, the hours would be totalled up and by that means he would gain his qualification. I say that because I want to make it clear we are opposed to a calendar month qualification for holidays.

*I do not quite follow that.—*Well, in some of the schemes, in the French scheme, for example, they originally set out that a worker should have six months' qualification for a six days' holiday, and twelve months' qualification for a twelve working days' holiday. They have found by experience that that regulation cannot be strictly applied, and they are now, in these various schemes that they are setting up, qualifying to some extent the original decree by making it possible for men who have changed their employers frequently to have the time worked for each employer counted for holiday qualifications, whether it is on a calendar basis or merely on the basis of hours.

*What is your idea of the cost of a scheme of this kind? What would be the cost upon industry generally?—*Well, I think the highest estimated cost that I have heard, is 4 per cent. of the wages bill, but we believe that the cost would be very much less than that.

Then I think your scheme also provides that it should be the average wage which the worker has received during a certain period?—No, we may not perhaps have expressed it as clearly as we wanted to. What we say, is contained in Clause (e) of the memorandum:—

“The holiday payment shall be such as may be decided by collective agreement or other established negotiating machinery in the industry concerned, but all persons shall receive as a minimum the customary hourly or weekly time rate provided for their grade as defined by any collective agreement, Trade Board Order, or decision of a Joint Industrial Council or other approved negotiating machinery governing their employment.”

Now, the position is this. Broadly speaking, we are in favour of the standard time rate being paid. Many of the agreements prescribe a definite hourly or weekly or daily wage, and those would be the rates that would apply in our view here. There are, however, industries where there are no such rates: where there is no sort of fixed time rate, because the industries are engaged in some sort of system of payment by results, bonus systems, piece work, and similar arrangements. We would therefore leave it with the industries themselves to determine the rate to be paid, but broadly what they should aim at is what we put in this clause (e). You will see here that we are breaking away from the system in operation in Ireland and in France, where an averaging system is introduced whereby piece workers and others employed on systems other than time work have their holiday payments based on their earnings over a fairly long period. We think that introduces a quite unnecessary factor of difficulty.

And in cases where a worker is working according to a system of payments by result and there is no time rate, you would leave that to be determined by negotiation between the organisations?—Yes.

The Employers on one side and the Trades Unions on the other?—Yes, that is the proposal.

I see. Now, schemes have been put before us, and will be put before us, so far as I can gather from the memoranda put in, that there might be a general deduction from the weekly wage, like the health insurance and unemployment insurance deductions, and a fixed sum paid out, (such as £2 a week to the worker, £1 for dependants such as his wife, and 5s. for his children, and so on) for the holiday period. How does a scheme of that kind strike you?—Well, I should like to know more about the details of it, of course, but frankly I do not like it very much. My first impression is that by a scheme of that description there is not much assurance that the holiday would, in fact, be taken at all. We are aiming here not at a payment to the worker as such, but at the provision of a holiday. The payment is incidental to the holiday.

I see. Now, when you speak of holidays do you mean that the worker should, if possible, go away from his home to some holiday resort, or elsewhere?—Well, that is the desirable thing, and it is an increasing factor in working-class life. I think most people now are appreciating the necessity for a complete change of surroundings. It may interest you to know that in the Belgian scheme they provide facilities for reduced fares for the workers. As you know, the railways in Belgium are State-owned, although they are being operated through some sort of quasi-public arrangement; and they make allowances, I think, of 35 per cent. reduction in fares for workers and their families who desire to go away under schemes of this kind.

That gives rise to another question, that as to the accommodation for workers during the holidays. If large bodies are going to take their holidays

away there is the question of the difficulties of accommodating them?—Well, of course, this is where private enterprise will show how flexible it can be. It would not be very long, if the caterers find that the demand is there, before they make satisfactory accommodation. I should not imagine, supposing this law came into operation, that in a particular year there would be a sudden rush for the seaside, or anything like that. It would be the development of a habit, and side by side with that the caterers, hotel proprietors, restaurant proprietors, boarding-house keepers and the railway companies would make their accommodation to provide for it.

Mr. Bevin : *That is for future development?*—I think that side of the question could very well be developed.

Mr. Ross : *The Chairman asked you what your feeling would be about a scheme which gave a certain flat rate to all men, a similar rate to all women, and a similar rate to all children, and you said you were rather afraid it would lead to the holiday not often being taken. I do not quite see how that objection arose?*—I do not quite follow the proposal when you say a flat rate to men, a similar rate to women, and a similar rate to children. Do you mean that apprentices, for example, would receive the same allowance as a trained man?

No, I think the suggestion the Chairman was mentioning was that there should be one rate for all men, a different rate for all women, and a third rate for all juniors, instead of the individual rate for the individual person. Now, why should that operate against their taking the holidays?—Of course certain objections come into my mind against a scheme of that kind right away, but in regard to your particular point my general feeling was that there was simply going to be a payment made to the individual without any sort of condition as to how he should use the payment. That is what I thought was the proposal mentioned by the Chairman.

I do not think it would involve that?—It is very difficult to answer questions on a scheme that you have not seen. I should like to see something of the outline of a scheme of that kind before I committed myself one way or the other, but my general feeling is that it would not be the most satisfactory. The first point is that the general idea of a holiday scheme, in our view, should be to ensure the taking of the holiday in conditions where the workman is not materially worse off than he would be if he was employed, because we say if the workman is materially worse off during his holiday part of the gain to him is destroyed. He has then got to be exercising his mind as to how he is going to manage to take his holiday, where he is going to go, where he can get accommodation, and where he can get meals at the lowest price, and there is a certain amount of anxiety when he gets back home. We think the man should be paid as nearly as possible in accordance with his ordinary remuneration; therefore we would make our payments have a direct relationship to the man's normal time rates. You may say, "Yes, but that is not carrying your principle right through because in the case of piece workers they may earn considerably more than the time rates; you are not making an allowance for that," but we cover ourselves there by clause (e) where we say, "The holiday payment shall be such as may be decided by collective agreement or other established negotiating machinery in the industry concerned, but all persons shall receive as a minimum the customary hourly or weekly time rate." If industries find it possible to compensate people on an averaging system of their earnings where piece workers are concerned, we should not certainly raise any objection. We have kept it out of our scheme because we think it might complicate it.

If I might just explain a little what I believe to be the intention of that alternative scheme, I think the intention of the people who are putting it forward probably is that it might give the lower-paid workers rather more than they would get on your kind of scheme, although it would give the higher paid rather less. Would you object to that?—We would prefer the scheme to be as we put it. We would feel that it was more equitable. We must assume, by and large, that the rates of pay in industry bear some sort of equitable relation to the character of the work people do and the service they provide, and we prefer that it should be on that basis.

And you would regard that as an absolutely vital point?—I think we should have to take a decision on it. It is not something to which I could commit the Trades Union Congress in any way.

No, quite. Would you have any objection to a scheme in which the State made a contribution as well as the employer?—Well, what is the State, who is going to pay it?

Well, the taxpayer?—And that means us, of course. I think, on the whole, we prefer the scheme to be kept outside the control of the State. We feel sure that if the State had to find a contribution it would as usual poke a very long nose into the scheme and prescribe conditions we should not like.

Still, that is what has been done with insurance, both Health and Unemployment?—Because those are not matters that have been negotiated at any time between the employers and the workpeople. This matter we regard definitely as within the ambit of our collective negotiations. I am not ruling the suggestion out, but I would infinitely prefer this. We think we shall get more flexibility, more ease, more facility of change in a scheme that is found in some respects to be onerous on one side or another by leaving the arrangements to be made by the employers and the workpeople within the general framework of the law.

How much would you include in the general framework of the points you would wish laid down as absolutely fixed?—We have got a number of them in our memorandum that we think might be laid down. We think, first of all, the right to the holiday would have to be secured. The second thing is that the right of the worker in discontinuous employment would have to be secured as well as the right of the man in continuous employment. We think that the holidays should be taken in an unbroken period, though we make allowance for exceptions. We have said that in the case where payment is made partly in kind, in the case of waiters or domestic servants, where people are employed by hotels, restaurants, etc., allowance would have to be made for that. That ought to be laid down in the Act. Then we think also that something would have to be provided about the conditions under which the service would be regarded as continuous, and we should have to avoid any suggestion that a contract of service was broken by a trade dispute. That would be an entirely foreign principle as far as we are concerned. All those things would have to be laid down in the Act. Then clause (h), "Any agreement to relinquish the right to an annual holiday or to forgo such holiday shall be void." That should be in the Act. "Any person who engages in paid employment during the course of a holiday with pay shall be deprived of his right to payment in respect of the holiday." That should be laid down in the Act. Then this "without prejudice" clause, "Nothing in the law or regulations providing for holidays with pay shall adversely affect any award, custom or agreement between employers and the workpeople which ensures more favourable

conditions than those provided by the law." I think that ought to be provided in the Act, and then the penalties, of course, for enforcement, and the keeping of a register—all those things should be in the law.

Really all those things you laid down there should be in the law, you think?—Yes. One or two of the paragraphs are explanatory, you see. They would naturally not go in the law.

How far is it the case that Bank Holidays are paid for at present in industry?—I think we can say generally, with the exception of non-manual workers, the practice is not to pay for Bank Holidays. In the case of agriculture I think in practically every county except one, there are some Bank Holidays paid for. In some of the counties (I have the particulars here) the whole of the Bank Holidays are paid for, and there is a sort of tapering scale from county to county until you come to counties where only one Bank Holiday is paid for. That is in regard to agriculture. People on standing wages, a foreman or people like that, frequently are paid for Bank Holidays, but the generality of manual workers, in my experience, are not.

Do you wish your proposals as such to apply to agriculture or would you want any modification?—We say the proposals should apply to agriculture. We think we have provided ample modifications in the suggestions we have made for the scheme being negotiated between the employers and the workpeople.

Yes. And you want it to apply to seamen as well?—Yes. We have stated in our memorandum that a Convention was drawn up at Geneva for seamen which was even more favourable to seamen from the point of view of length of holidays than the Convention regarding workers generally.

Mr. Lawrence : *There is a question I would like to ask on the matter of cost. In paragraph 57 you say,*

"In instances where the proportion of wages costs to total costs of production are as high as 50 per cent., the effect on total costs of the addition of 4 per cent. to wages costs to enable paid holidays to be given would be to increase total costs by 2 per cent. or less than 5d. in the £."

Are you not overlooking the fact that in so many industries their raw material is the finished product of another industry?—Well, of course, that argument applies all the way through. If your total costs are increased your material costs are also increased, because they are the finished product of some other industry. But the same relation, the same proportionate relation to your finished products, still exists as before. If there is a general increase in costs the proportions would not be affected.

I am thinking particularly of my own industry (Mr. Berry, I think, will understand), the engineering industry. Our material, generally speaking, is the finished product of somebody else, and, of course, all those costs are bound to go up by this proportion?—Yes.

So that in our case, at any rate, and I think probably in a good many other industries, it would not be quite correct to say that the increased cost would be confined to 4 per cent. in the Wages Bill?—Well, it would as applied to your particular industry, surely?

It would not.—Besides, we should have to ascertain the extent to which wages entered into your finished product. I do not know off-hand what the wages content is in your industry, in engineering (I may be able to find it in a moment), but I think in some sections of the industry it is very low, about 20 or 28 to 30 per cent.

I think, generally speaking, it is 35 per cent. ?—Yes, speaking generally.

In some sections of the industry it is very much higher, in others it is less ?—Well, if you take the Wages Bill of the country as a whole, the total cost would not be more than 4 per cent., so it really comes down to the same thing when applied to separate industries.

Captain Deakin : *Mr. Chairman, there is a question I should like to ask the witness as far as agriculture is concerned. It is a very important point in your evidence that the demand for holidays with pay is based on the strain of industry ?—Yes.*

You would not suggest that that applies to agriculture ?—I thought the farms were fast becoming factories. I thought that was pretty generally understood.

I do not think that is true ?—I am referring to the tractors and threshing machines, and mechanical devices which have come on the farms.

They certainly are on the farms, but——?—Well, are they not requiring an entirely different state of mind, a different state of mentality for the agricultural worker than formerly with hand implements ?

Are you suggesting that a very large percentage of the agricultural workers is using machinery ?—I suggest a bigger and bigger percentage every year is using them.

Are you suggesting it is a large percentage ?—I think it is a considerable percentage, yes.

And you really are basing your demand for holidays with pay for agricultural workers on the strain of agricultural labour ?—Partly, certainly. There is a speeding up in agriculture just as in everything else. I am quite sure that the farmer is certainly no laggard in respect of pushing his men on because of keeping down his labour costs.

But it is surely obvious that the conditions under which the agricultural labourer works are very different from the conditions in industry ?—That is not being disputed, but the relation is the same. Mechanisation is taking place in agriculture ; so-called rationalisation is taking place there just as in other industries ; if not, the employers are not keeping up with the times, and I cannot believe you to assert that.

I am not asserting anything of the kind. I am merely putting the point of view that in agriculture there is not the same strain that there is in ordinary industry ?—We have not alleged that there is the same strain. What we have said is that there is a tendency in agriculture as in other industries for the strain to get greater.

There is another question I want to put. You are aware, of course, that in agriculture at the present time there are a very large number of small farmers who only employ a very few men ?—Yes.

And with the present shortage of labour in agriculture, do you not think it would be exceedingly difficult to apply holidays with pay for agriculture ?—This is one of the ways of getting more labour and making conditions better. Your shortage is due to the fact that the conditions in the towns in the main are so much better than in agriculture that nobody thinks of going to work as an agricultural labourer if he can possibly avoid it.

Are you not raising a very much larger question with regard to the prosperity of agriculture ?—No, it is you who are raising it. I am trying to answer your questions.

I am saying at the present time for various reasons there is a shortage of labour in agriculture?—Yes.

You are not suggesting that the shortage in labour in agriculture could be dealt with satisfactorily merely by granting holidays with pay for agricultural workers?—I am quite sure the engineering employers will tell you there is a shortage of labour in engineering trades at the present time. I have seen the allegation, but I should not accept that as a valid argument that holidays with pay should not be instituted in that industry.

I am suggesting it would be exceedingly difficult if it were applied at the present time?—We will see when we get the principle of applying it. It is amazing how industry adapts itself to a change.

You are aware, of course, that in practically no countries have holidays with pay been granted for agricultural labourers, and that agriculture is expressly excluded from the Draft Convention?—It was expressly excluded from the Draft Convention just as the seamen were excluded, in order to enable separate consultations to take place and separate Conventions for them to be drafted. One has already been drafted in the case of seamen, and I gather that a Committee of the International Labour Organisation is to meet for a similar purpose very soon.

That is so. But up to the present no arrangements have been made?—No.

Which would tend to show, as regards agriculture, that the matter is more difficult than industry?—Well, holidays with pay by legislation is a comparatively new thing, and it is scarcely fair to say that because agriculture has not been included in certain of the schemes that it is very much more complicated. Naturally, when the legislation is being instituted, it is instituted in a somewhat piece-meal fashion in countries that have not got the experience of a new reform. In this country we have a wealth of administrative experience which other countries have not. Our system of social insurance, broadly speaking, was established earlier, and I suppose there is a good deal more experience attached to it in our Civil Service than in most. Well, other countries have not got that experience, not to the same general extent, and yet some of them have found it possible to do it. I have seen recently, in the case of France, for example, a definite movement to bring holidays with pay to agriculture. In New Zealand they have passed a special law dealing with it.

As I read your evidence it applies to New Zealand in October, 1936?—Yes.

So that really we have had very little opportunity of seeing how legislation works as regards agriculture?—We are not dealing now with the operation of the Act.

And I should say that as regards agricultural employment in New Zealand conditions are very far different from what they are in this country?—They are probably a good deal better.

I am not fully conversant with agricultural labour conditions in New Zealand, but I should say that probably the men live on the farms, a good many of them live with their employers, and they are largely single men. There is another question I want to raise. You realise that as regards agriculture there would be difficulty as regards the time of giving the holiday?—Yes, we recognise that difficulty in most industries. We also recognise the Chairman's point about the difficulty of catering and providing accommodation, etc., at the seaside for holidays, and we have tried to provide for these difficulties by suggesting that the holiday should be dealt with between the

period of April to October. We have made it a very wide period. In some countries, such as Belgium, for instance, which, I suppose, is comparable to this country in many respects, they insist that the holiday should be taken within a three-monthly period.

You would not suggest it was possible for agricultural labourers to be given a fortnight's holiday with pay during a three monthly period, in the three months of the year that they would naturally like to have it?—We have never suggested it. That shows how reasonable we are.

You did mention three months?—I said that in Belgium they have it. It is agreed there that the holidays be taken within a period of three months, and in France it has to be taken in the customary holiday period. No exceptions are made to that so far as I know.

Would you say that the only practical period in which it was possible to give holidays with pay to agricultural labourers would be in the six winter months?—I would prefer to allow the employers and workers in agriculture to settle that point themselves, and that is why we provide in our memorandum that this should be done.

I would like to ask one other question. Is it your point that if an agricultural labourer is given a holiday he would not be allowed to do any agricultural work during the period of his holiday?—Paid work, yes.

He would not be allowed to work at home in his own holiday?—He could dig up a few potatoes if he thought that was a holiday, but it would be rather a busman's holiday.

That is the point. He would, if he wished to, be able to indulge at home in the ordinary work he performs on the farm?—If he wished to. Some people have peculiar ideas of holidays. I have met employers' secretaries who have told me that they have worked during their holidays. I think they are very rare birds, and it seems extraordinary; but you cannot prevent a man doing on his holiday those things which he desires to do.—**Mr. Holmes** : He could follow the example of some farmers, who take their holidays every week.

Chairman : *What is meant is that the workers should not work for pay during the holidays?*—That is it, precisely. They must do no paid work. We think it would completely destroy the purpose of the holiday if they did.

Sir Frederick Richmond : *I would like to ask Mr. Holmes a question. You said that the farm labourer would take his holiday as the farmer did, every week?*—**Mr. Holmes** : Every other week it is.—*Is that your view of the way the farmer goes on in this country?*—It is a general holiday as compared with the farm labourer.—*You must know a special brand of farmer. I have not met him?*—Yes, I know them.

I am really representing the distributive trade, as you know, Sir Walter. You said a moment ago that you did not agree with the calendar month being the basis for calculating the holiday, and yet I see in paragraph (b) you say it should be the basis : "All persons who have been employed for a period of service of less than 12 months shall be entitled to an annual holiday with pay of not less than one day for each completed month of service"?—Yes.

Is that not a little different from what you have just said?—It is an ambiguity, I agree. That should have been stated in terms of hours of service.

In the distributive trade the monthly basis is usually taken?—Yes. What we are anxious to prevent is that a man who may not have worked in a

particular month at all should lose his holiday because of that fact. If we worked on the calendar month principle, strictly speaking a man who worked for three months and then missed the next month altogether and was not employed during that month would lose his right to a holiday.

But where is that right coming from, and who is going to pay for it? Take the man who only works eight months in the year. What is the source of his paid holiday in respect of the other four months?—We are not proposing he should have as great a holiday as the man who has done 12 months' continuous work, but his holiday would be in direct proportion to the period he had worked.

If he had only worked eight months in the year it would be only eight-twelfths?—Yes, that would be it.

The unfortunate man who does not work at all during the whole year (and as you say in your memorandum it is probably a greater strain on him than the man who is working) does not get anything at all?—We do not object to the Committee's making a recommendation to deal with that, if it wishes.

I was speaking of your recommendations. I was thinking of the suggestion mentioned previously, to which I think you rather objected, that the Government might be interested, on the basis of a contributory scheme between the Government, the employer and the employee.—We object to a contributory system.

It is because of your objection that I make the point.

You say you do not deal with Bank Holidays at all. In the distributive trade the workpeople all get Bank Holidays. In my particular business, everybody gets four days at Easter, four days at Christmas, and their Whitsun and August Bank Holidays. That is ten days. On top of that most of them get three weeks' holiday as well.

Mr. Bevin : *We would accept that. That is a very good basis to work on.*

Sir Frederick Richmond : *The distributive trade which has got these excellent holidays is in general by far the worst organised trade in the country, both on the employers' and the workpeople's side in labour matters.*

Sir Frederick Richmond : *In the distributive trade, as you know, people are paid to a great extent by a standard wage, but the actual sales people, as a rule, get a commission on sales. Are you suggesting that commission payments should be taken into account in fixing the holiday payment?—We do not say that. As a matter of fact, we are rather taking the view that it ought to be the time rate only, as you will see in the proposals we make in (e). We only speak of payment in kind, and I do not think commission would come under that heading.*

There you mean people who live in?—Yes, I think people who live in would have to have an allowance made for that.

You do not deal with the question of commission at all?—No, we do not. No doubt we shall incur criticism from certain of our constituents about our proposals because we are not proposing that there should be an averaging system whereby the whole of the man's earnings should be calculated for the purpose of the holiday period. We would have liked that, of course, but there are two considerations against it; (1) the administrative difficulty and (2) in some cases the cost would be excessive. So we are trying, as it were, to help by the modesty of our scheme on that point the Committee to make a recommendation favourable to our proposals.

As a matter of fact, as far as the distributive trade is concerned, we practically give you what you are asking for, or more, taking it by and large?—There is no doubt that paid holidays exist to a much greater extent in the distributive trade than in most industries. I think that is undoubted.

They existed when I came to London 50 years ago. I had a fortnight's holiday with pay then.—I expect by this time you have got a good deal more.

No, I never take more than three weeks. I do not think I take as much holiday as my staff do. Perhaps you do not believe that. I think the higher you are up the fewer holidays you take. It is due to the fact that we all imagine we are indispensable, and I believe it is all imagination.

I will tell you what happens sometimes in my own trade. A man perhaps gets three weeks' holiday and goes and works for a week for somebody else. What do you suggest in a case like that?—Under our proposal he would be deprived of his holiday, and it is a moot point as to whether it would not be desirable to make it an offence under the law for which he could be prosecuted.

From our point of view we do not like the practice at all. If we give the man three weeks' holiday we like to think that he gets away for three weeks—and the great bulk of them do. But there are some people who for some reason or other will go and work for somebody else?—We take the view that the holiday ought to be taken. The purpose of the law would be to provide the facilities on the ground of the need for rest and recuperation, personal development and so on, and we feel it would be simply frustrating the purpose of it unless provision were made to secure that the employee took his holiday and did not take paid work.

Of course, you have to remember that in general people to-day in the distributive trades do not work long hours. When I first started work, as I say in London 50 years ago, I had to be in business at a quarter to seven in the morning and I was very lucky for seven months in the year if I got out before eleven o'clock at night. I did not mind it. It did me good. To-day you would not get people to look at a job like that, and I do not think they should look at it either, but that is what I did for years. I look at the hours they work to-day as nothing at all—mere play.—Mr. Berry : They work twice as hard, perhaps.—Sir Walter Citrine : I myself worked in the flour-milling industry for 12 hours a day at one period, and it nearly killed me, physically.

You were working in a very dusty atmosphere there.—In that industry they have now shortened the hours until they are down to 42. But with regard to hours worked in the distributive trade. While we know there are employers who are very strict upon the observation of the hours, and that when the shop is closed the employees are required to leave the shop and go home, here are many cases which have been reported to us in recent years in which, while the doors of the shop are closed, the employees are kept there for hours afterwards working inside the shop. I know that recently there has been legislation passed on that subject in regard to young persons. I am speaking now without the book, but I do not remember any provision for adults in shops who may be kept working for any hours.

As you know, they are entitled to overtime beyond 48 hours?—Yes, but that is only the young people. I do not know of any legislation providing for adults.

It is done by agreement?—Yes.—**Mr. Woodcock** : Yes, but collective agreements do not cover the whole of the distributive trade.

Most of the trade is under some kind of agreement in this matter?—**Mr. Woodcock** : Not in individual shops. The agreements apply mainly to the big stores. Surely you have difficulty in competition from these very small people, and I think also you might agree that, since you give holidays with pay generally in the larger organisations, it might be an advantage to you to see that it is made compulsory by law upon the smaller ones.

I think, if one took a selfish view, one would like to compel everybody to live up to the same standard as oneself, but my point is, is it possible for them all to do it?—**Mr. Woodcock** : They should be given the opportunity, I think.—**Sir Walter Citrine** : It is amazing what people can do if they put their backs into it. A four per cent. increase in costs, even assuming that extreme figure is the right one, is not going to break British industry, because if we are told that it is going to break British industry there is no hope for labour nor any future for it in this country. It means that if we put in an application for a rise of half-a-crown a week at any time we are going to ruin British industry if we get it.

Mr. Wiggins : *You may some day.*—We may break industry, but when we break it we shall be sufficiently civilised to see that the community carries on industry itself and does not leave it to individuals to mismanage.

If you break industry, you have to go back to the old conditions to keep it alive, have you not?—No, I do not think so.

Then it is not broken.

Sir Frederick Richmond : *I do not know why Mr. Bevin laughs.*

Mr. Bevin : *I am laughing at the controversy between the distributive and production sides.*

Sir Frederick Richmond : *I employ many thousands of people on the production side as well as on the distributing side, so that I can speak for both sides as well as for farming.*

Mr. Holmes : There are too many part-time farmers.

I notice you make a strong stand for a fortnight's holiday. Is it not a fact when one looks through the details that have been sent to us that, in the main, every country that has got this privilege does not insist on a fortnight?—

Sir Walter Citrine : I think it is fair to say that the generality is six days, but we were hoping that our Government here and the Committee itself would not be behind, say, France in its legislation. France provides for a 12-day holiday, with two week-ends, making 15 days in all, and we ought not to be behind that. While we have made here the modest statement that Russia has only 12 days paid holiday, my personal experience, based upon a fairly close knowledge of that country for the last 10 or 15 years, is that the minimum is 15 days, three weeks of 5 days, and in the case of the dangerous trades it is four weeks ; but we have taken the lower figure. The figures have been taken from official sources, and we felt we would rather put forward the minimum. Surely you would rather put forward the minimum. Surely you would not have it said that the great British nation is behind the Bolsheviks in what they do.

It depends what side of the Bolshevik activities you are talking about.—I am talking about the social reform side at the moment.

Mr. Wiggins : *I think you will agree that in the cotton industry we have already, by collective agreement, 14 or 15 days' holiday a year, including one full week in which we stop the mills entirely?—Yes.*

Have you envisaged what it would mean if we had to stop the whole of our mills for a fortnight? If we had in a whole district to shut up everything for a fortnight?—We have not said that you must take your holidays all at once.

We take them now two days at Christmas, three days at Easter, three days at Whitsuntide and a full week at Wakes?—Yes, and while I would not say that that is the most desirable arrangement, there is nothing to prevent that system being continued under our proposals.

That is true. That was arranged under a collective agreement between ourselves and the Unions. So that the only difference so far as we and you are concerned is that you want pay for those holidays?—Yes.

But I notice you object to a contributory system under which the employees might contribute?—Yes.

Then, of course, the question the employers have to consider is where is the money to come from. You will realise that in the cotton industry we have to export even to-day 60 per cent. of our production in order to enable us to live. We are faced with world competition, and any extra cost, even if it is only 4 per cent., is going to affect us; you are bound to admit that?—I do not think it comes with very good grace from the employers, particularly the cotton employers, to complain of foreign competition. The only alternative to international competition is international agreement, and we have tried right throughout the post-war years to secure international agreement which would tend to level up the conditions between countries and tend to take the edge off competition as far as labour conditions are concerned.

Have you done it in Japan and India?—At Geneva I have yet to learn that we have had the least help from the employers in securing any such agreement. On the contrary, they have obstructed us at every possible opportunity. I think that is a perfectly impartial statement of fact.

It is not impartial at all, because you have not touched the point that our biggest competitors, Japan and India, work longer hours and have considerably worse conditions than we have in this country, and we have to compete with them in the world's markets. Another point is that your scheme envisages the taking of a holiday by each workman?—We are not letting that point go by default. If you withdraw it as a point I am willing to let it go, but if you want me to answer it I will do so.

You do admit that we have to face foreign competition?—Yes, which you yourselves have done nothing to offset.

And the fact that we are improving our conditions whilst our competitors do not improve their conditions makes our position worse still, does it not?—If you had agreed to a Convention, if you had given your support to a Convention, it would have meant that your competitors would have done precisely what you were doing.

No, Japan has always declined. She comes and listens, but she always declines?—The British employers give her a lead by declining in advance.

Even under the Washington Convention for the 48-hour week India was allowed to work 60 hours and work double shifts, so that we have that competition to face. What I am putting to you is that it is all very well to say the

employer will pay ; he will pay if he can afford to do it, but surely you are bound to admit that if you add to the cost of your goods you are going to be worse off as against the foreign competition of Japan particularly?—It is a very curious situation that at the time when your primary costs were going down quickest, when the costs of raw material and so forth in industry generally were going down quickest (I am speaking of the period of the slump, say from 1929 to 1932), your export trade generally was going down and unemployment was increasing too, and when your costs began to increase afterwards your trade started to improve from that point.

There is nothing curious about it, if you realise that our raw material has a world price, and so does not enter into the question of competition. But you will realise that 30 per cent. of our productive machinery has gone out of existence in that period?—I thought your point was that by increasing costs you were likely to diminish your export trade.

Exactly?—I am trying to show that since prices have increased so enormously—if you take your raw material, what were you paying for cotton in 1932 ?

That is a world price and does not affect competition at all. It is only the question of wages and costs of production that affect it?—So that you agree that basic charges may be increased and trade may increase side by side with it ? Although cotton is a world price the competitive factor remains.

But trade has not increased. We were sending away 7,000 million square yards in 1914 ; to-day we are only sending away 2,000 million square yards to the whole world. That is the difference?—You are comparing two different periods. I am sure you will agree with this. Nobody has tried more than the British Trade Unions to set the feet of the cotton employers on the right road.

I do not suggest you should try to influence the employers. My suggestion is that you should try to influence the people who are competing with us under the conditions in Japan and India and the East generally?—I think you will agree it would be very unfair to go to the Trade Unionist and ask him to adapt his standard of life or his claim to your disabilities because you do not do anything to improve your conditions.

How do you mean, we do not do anything to improve our conditions?—Some years ago we put forward a scheme for the reorganisation of the cotton industry, which the practical men sneered at and said was no good. They said it meant Socialism and goodness knows what. Now I see in the " Times " report this morning that in a document put forward by the Joint Committee of Organisations in the Cotton Trade certain features of that scheme are accepted. That is 10 years later.

That may be. My point is this, and I still maintain it, that it must affect our export trade, and that a trade which has to depend very largely on export is in a different position in that it has to meet world competition?—My answer is that you are to blame for not helping to get an international agreement to prevent that competition.

I do not agree with you. Your scheme envisages the taking of a holiday by each workman if he is paid for it, but how are you to force the man to go away for a holiday and, if he does not go away for a holiday, how is he to get the advantages of recreation and change of air and so on?—We have not suggested that anybody can be compelled to take a holiday. All we can do by legislation, or by collective agreement, or in any other way, is to

provide facilities for the holiday and to see that that facility is not violated by the man taking other paid work in that period.

I take it you would not have any objection to the State making a contribution towards holidays with pay. Do you not think that the State will have to help your scheme? You said that it would mean extra accommodation at the seaside and at other places and that the caterers would gradually make arrangements to meet it; but will not somebody have to step in to make those arrangements rather than leaving them to chance; to make an arrangement whereby you have, say, Oldham and Salford taking this week, and Rochdale taking next week, and Bury taking the week after and so on?—We think that on the administrative side it is highly probable the State will have to play some part. We think in connection with the holiday schemes that would have to be adopted for intermittent casual workers, State machinery in some way would have to be used, perhaps machinery analogous to the employment exchanges, but when you come to the question of State contributions, we feel we would prefer to keep the scheme clear of that.

I think you will realise, Sir Walter, that in the cotton trade, generally speaking, we do not take any notice of Bank Holidays at all. In fact, we do not stop our mills on Bank Holidays. It does not matter to the cotton spinner or the man who runs the machines whether the banks are open or not?—I am a Lancastrian myself.

We only go to the bank once a week for the wages and it does not matter to us whether the bank is shut or not. We do not take any special notice of Bank Holidays. If they come within the Wakes week we do, but that is the only condition under which we recognise Bank Holidays.

Sir Evan Williams : *Would you agree that any reform (I am assuming that what you suggest is a reform and I am not disagreeing with it as such), any reform in industry is far better if it can be brought about by agreement between the people on each side rather than by legislation?—As a general principle, yes.*

Do you dismiss from your mind the possibility of holidays with pay being agreed between the two sides in industry?—No, I do not dismiss the possibility of it being agreed from my mind, but I should like some evidence that the employers were really welcoming negotiations on those points. The extent of collective agreements up to date is so comparatively small and, having regard to the time factor, we cannot see any real alternative to legislation.

Do you not think the atmosphere to-day in regard to holidays with pay is considerably different from the atmosphere which existed for some time?—I shall judge that when I see the Committee's report.

We want to get material for our report from the people who come here, to the largest extent possible?—Yes.

Is it not true that holidays with pay does not sound to industry quite so formidable as it did, say, a few years ago?—If you tell me it does not sound so formidable to the employers, I would be glad to accept it.

Have you not some evidence in some industries which tends to go in that direction? I heard quite recently of an industry with which I am somewhat connected in South Wales, not coal?—I think I would say on the whole there is a broader conception of collective bargaining in the employer's mind to-day than there was 10 years ago or 20 years ago, certainly.

If there is a possibility of holidays with pay becoming as universal as it is practicable for them to be, is that not far better than that there should be legislation?—Quite candidly, Sir Evan, I am afraid that unless we have legislation we shall be so far behind the progress in other countries that we shall have a good deal to reprobate ourselves with over here. We might get collective agreements for holidays with pay in certain industries, right throughout the industry, although I do not think that exists except in the printing industry, and I am not sure how far it extends even there, but it would be a certainty in many industries where both the employers' organisations and the Trade Union organisations are weak (as in the case of the distributive trade, for example), that it would be very many years before we got a reform of this nature through.

Looking at it from the workman's point of view, is not he far more likely to appreciate his holiday with pay if he gets it as the result of negotiation which he and those representing him have carried on with the employers?—I do not think so, because supposing for instance you gentlemen were to grant our demands that we are putting forward here, I am quite sure the average British workman would say "Good old T.U.C." He would say it just as much as if we were negotiating with you direct.

I do not claim to know the mind of the workman quite as well as you do, but I have known him a very very long time, and I venture to disagree with your experience. I think the workman does appreciate a great deal more what he gets as the result of his own efforts and the efforts of his representatives than things he gets from Parliament.—What is the answer, then, to this: That every year at our Congress for many years past we have resolutions, carried as far as I know without opposition from any section of our Trade Unions, for legislation on this question. They surely must know the minds of their own members, and yet all of them agree to this course and indeed most of the resolutions have not been moved on behalf of the General Council of the Congress at all, they have come from particular Unions.

That assumes the resolutions that come to you really do reflect the mind of the workers as a whole.—In the same way as the resolutions coming from the employers reflect the minds of the average employer.

No, not in the same way at all. You have invoked the experience in other countries: you have spoken of France.—Yes.

Is it not a little early to speak of France as an example to follow in respect of its recent industrial legislation?—We are not asking you to bring in the 40-hour week by legislation at the moment; we are not asking you to promote collective agreements by legislation; we are only asking you for one part of what France is doing: and, may I say in passing, that it is very curious to hear Mr. Wiggins, for instance, talking of the export trade and the dangers of raising our costs in that respect, when the Roubaix employers recently stated that their production costs in the last 12 months have been raised by 62½ per cent.

Mr. Wiggins: How much of their trade is export? There is very little export except to their Colonies which have to accept it. They have no export trade to speak of.—I am not competent to speak of that, but if you were asked to face a comparable increase like that you would say you were ruined many times over.

Give me a closed market and I can raise prices as I like subject to the law of diminishing returns, but you cannot do that with the export trade.—I expect that France is as keen on building up an export trade as this country, and

Germany too. I have no brief for Fascist States, but we have to have regard to the fact that Germany and Italy have been able to do it.

Not compared with the proportion of exports that we have to have.—They are searching to get exports as much as we are.

The position is not the same?—At any rate, that was a digression.

Sir Evan Williams : *On the point of your reply, the position in France to-day is that their exports are dwindling to nothing and their imports have to be increased.*—You have an extraordinary position in France. It is a very complicated scheme being put into operation, and I do not think you can attribute the conditions in France to any particular reform. If what the Roubaix employers have said is anything like true of the cost of the increase (62 per cent.), it is quite obvious that this must take some time to work itself through in industry generally. But incidentally the same employers have said that the holiday with pay was the one concrete gain which had resulted from the recent legislation.

Still, I take it if you saw there was a reasonable possibility within a reasonable time of holidays with pay becoming universal, so universal as is reasonably practicable, you would be content not to ask for legislation?—I think you must have had a legal training.

I have not.—You say “reasonable possibility” within a “reasonable time.” I would like to know what those elements really mean.—**Mr. Holmes :** Fifty years hence?

The reasonableness of those two elements is a matter for discussion within the industry. More difficult matters than that have been settled, have not they?—**Sir Walter Citrine :** Quite frankly, we do not see the signs of that reasonable possibility in industry generally. There might be in particular industries; but in industry generally we do not see the signs which might guarantee this reform taking place within a decade or even a generation.

If during the period which elapses between now and when this Committee makes its Report—because I do not suppose it will be within a few months—there were indications of that kind, as I believe there are—I am not speaking for coal. I must not be taken to be suggesting that the coalowners of the country are seriously contemplating giving holidays with pay all round at the moment, that is very far from being the case—Do you think you could suggest they are not seriously contemplating it?

I am not here to tell you what the employers are contemplating at the moment. I would like to elicit from you your views on this matter so far as I possibly can.—Yes.

I take it you are for the present, at any rate, wedded to the idea that legislation ought to be passed?—Yes.

You have dealt with certain aspects of the question which you say should be dealt with by legislation. Would you exclude from discussion in particular industries the question of contributory schemes?—I think we are bound to do that. We think contributory schemes would in effect be making the worker pay for his own holiday, because he would have to pay as a consumer for it in some respect or other, and we think generally that the practice that has been established in other countries can well be followed here. I cannot recall at the moment any country in which there is a contributory scheme where legislation is provided.

*My question is, would you make your legislation exclude the possibility of contributory schemes?—*I think so, yes.

*You would make it compulsory that the schemes were not contributory?—*Yes, we would be against contributory schemes.

*Do not you think a man takes more interest and pride in something he has contributed for himself and by some of his own efforts, rather than if it is something given to him? Does not he value it more?—*We are moving on a very wide ambit there. I do not think a workman would take less pride in his holiday if his holiday were granted by Parliament, than if it were obtained by collective bargaining.

*I thought we did agree there was a difference between collective bargaining and legislation?—*We are providing both. I think you are perhaps minimising the importance of the collective bargaining element. We merely want the law to lay down principles, and to leave these schemes as flexible as possible so that they can be negotiated in the industries.

*My point is, would you include in that flexibility the contributory scheme?—*No, I am afraid we could not. It is too important a principle to be relegated to separate industries.

*Does thrift cease to be an object to be encouraged?—***Mr. Lawther :** The Means Test killed it.—**Sir Walter Citrine :** I think that is one of those general points that it is impossible to go into without a long discussion of the sociological aspects of the case.

*To the extent that the workman's wages ultimately depend upon the results of industry, I take it you would agree in the long run (I think Karl Marx says so) all saving comes out of wages in the end?—*I do not know whether he put it that way or not. It is a long time since I read Karl Marx.

*At any rate, the ability of an industry to pay wages does depend upon the profits it makes in the end?—*Yes.

*And to that extent a contribution by the employee to the fund out of which the holidays with pay would come, is really of the same kind as if the whole thing were provided for him, from the point of view that the expense to the industry has to be borne somehow between the employer and employed?—*I think broadly yes, I would assent to that.

*Is not that something that would tend you to admit that in regard to the question of thrift (which we are not going to discuss in detail) that it would be a better scheme to have the employee a party directly and not indirectly to the creating of the fund out of which he gets his holiday with pay?—*No, I do not think so. I think the workman would be so closely connected with those schemes, his Union would have taken part in negotiating them. The probabilities are that in the administration of them they would have to have some sort of Advisory Committee to superintend it. I think the workman's pride would be reflected just as keenly through that sort of agency as though he was asked to make a direct contribution.

*Would you exclude from those matters which would be dealt with in the industry questions of voluntary absenteeism?—*We have not said anything about that. We naturally prefer the scheme should have as few restrictive conditions as possible, but we have not precluded conditions which the industry by negotiation may deem it necessary to impose.

*If legislation were passed you would leave the door open for that kind of negotiation?—*We certainly would.

To be dealt with within the industry itself?—Yes. We are not assenting to it as a desirable thing, but if the unions and the employers in the industry concerned after discussion considered it desirable to impose certain restrictions, we should raise no objections.

Take the question of strikes. You would exclude the period of unemployment through a strike from the period which qualified?—I think that experience of the coal trade is such, if I may say so without making it too personal, that the strikes have been of very long duration, and one has to visualise a strike say like that of 1926 (which incidentally was a lock-out and not a strike) of perhaps six months duration. You could not include a period like that in the qualifying period for holidays. But there are other sorts of interruption and strikes of very brief duration, and so I would not like to give an answer the effect of which would be to say that any period involved by a strike should not count as qualifying period: much would depend upon the terms of settlement at the end of the strike. It might be a short strike: it might be an industry which could quite easily carry the expense. But I think generally that is the sort of thing that could only be determined in the light of the particular case.

You would leave that to the industry to discuss and settle?—From the point of view of qualifying period, certainly, yes.

Take the case of a man who works say regularly, if you like, fairly regularly, through the year for three or four employers, how would you deal with the payment to him for his fortnight's holiday when he had only worked perhaps for a particular employer two or three months before?—As I said at the outset, we would take the total of the time that the man had worked in the industry. That would determine his qualifying period. I say "in the industry," but it might even be he came from some other industry.

I was going to suggest that to you?—The actual administration of the scheme is very difficult to visualise as a whole. What we have had in our minds, broadly speaking, is a series of schemes, each scheme applying to a particular industry. It may be a number of these schemes would have to be local schemes. What they have done in France in the case of port workers and the building trade workers is that they have established local schemes. In the building industry there are 25 of these schemes now, and each deals with the employees in the locality, but yet they are all dovetailed into a national scheme for the building industry as a whole, which keeps a sort of general superintendence. The methods vary very much in the present practice in different countries as to how to keep a record of what the man is entitled to, how many hours he has worked, and so forth. In Belgium, for example, in the case of port workers a man's card is stamped every day by a stamp obtained from the Post Office which has a relation to the proportion of his days worked to the annual holiday. In the case of furnishing trade workers in Belgium, the stamp is put on either weekly or monthly, and by that stamp system, which is put on a card which the employee himself keeps and surrenders to his next employer, there is a continuous record of the work he has had. In our case part of the administrative problem has been solved, because as to the actual payment it would be easy to ascertain the payment due to the workman, because if it were the time rate or the agreed rate for the industry every employer would know it. There would be no need to have an averaging system or anything like that before the amount could be arrived at. A point which is very important in the administration I think is this. Is it necessary to have all workers included in such a scheme—I mean the administrative

side of it? It might only be necessary to have your scheme applying to intermittent workers because the employer himself could deal with workers regularly employed. The problem of administration seems to us to be one that is fairly easy of solution providing we get the good will of the State to help us in its solution.

You mean that the actual employer for whom the man works at the time he takes his holiday would only be liable for that proportion of the holiday which the time he had worked for him bore to the whole period of his employment?—Yes, that is what has been adopted in all the schemes I have seen.

How do they manage to recover from the other employers for whom the man has worked during the year?—In the French schemes, as soon as the employee is discharged the payment of the annual holiday bonus, we would call it, that he is entitled to is made at once into the local scheme by the employer—at once.

Into a fund?—Yes.

Not to the particular man himself?—No.

I take it you would agree that in all legislation of this kind uniformity of effect upon the individual employer is desirable?—Oh, yes. You mean within an industry?

No, as between industries?—I do not know about that. You mean to say that the employer should contribute as much, we will say, in distribution as in cotton and so forth?

No. You realise of course that the effect of payment of wages during holidays has a very different effect in one industry as compared with another?—I cannot just at the moment see what you mean, but I suppose there would be cases.

Look at this from the point of view of the relation between the amount of wages paid in industry and the profit made in industry?—Yes, I fully assent to that.

You realise that in an industry like coal, for instance, the maximum profit that a colliery owner can get is one-sixth of the wages he pays, whereas you get other industries where possibly the profit is six or sixteen times the wages paid, because of the number of men employed. You are proposing by legislation to inflict a very differential burden upon one industry as compared with another?—No more differential burden is inflicted now. The wages in these separate industries are not subsidised by payment from other industries, and why should the holidays be dealt with in any different way?

The cost to the employer in profit in one industry from the granting of holidays with pay may be 20 times that in another industry?—You are puzzling me. In the coal industry this would come to 2s. to 2s. 6d., an increase of that kind.

Mr. Bevin: *They will probably put up the price.*

Sir Evan Williams: *I am dealing with it from the point of view of the employer's profit, because that is what we have to have regard to in dealing with the employer's attitude?*—The profits of the industry?

No, the share that is left to the employer. Where the employer pays in wages six times the amount of his maximum profit, you realise the effect is very different from where the wages paid are only one-sixth or even one-sixteenth of the profits that are made, so that by legislation in this way you would be

inflicting upon employers in one industry a very much greater burden expressed in proportion to their profits than you would in other industries?—What you say in effect is that any advance at all in wages in the coal industry, as an example, must be a very much greater burden on the employers in that industry than a similar advance in other industries.

We are speaking now of what is imposed upon them by legislation?—It comes to the same effect. Economically, the effect is the same whether imposed by legislation or collective agreement.

It makes all the difference when you agree between two sides that something shall be done than when you have a case where it is imposed by legislation which cannot be evaded by an employer, because you can make adjustments. Is not that a strong argument for leaving matters of this kind to be dealt with by agreement rather than by legislation?—I do not think the economic consequences are affected in the least whether it is done by legislation or by agreement. Frankly, I do not follow the argument on that point.

Obviously the effect upon the employer's profits is very much greater in one industry than in another?—Mr. Woodcock: You are speaking now of the distribution of net profits on a certain sale, not of the relation of profit to capital. You cannot really contrast the coal industry with any other industry unless you know how this proportion you speak of is related to the capital invested. All you are saying is that of the net profits of a certain sale, after you have paid for other costs, the amount left is distributed in certain proportions; but you cannot argue from that, surely, that it means the proportion of the profits to capital is necessarily different on that account in coal than in, say, another industry?

I do not think the proportion of profit to capital matters in the least.—I should think it does.

Here you are proposing that every employer shall pay (taking the coal industry, if you like) about £5 or £6 to each employee for no work that is done during a period. As the number of employees is ever so much greater in that industry than in an industry like chemical manufacture, for instance, you are imposing by legislation a very big deduction from his profit.—From the gross amount of money available for distribution as profit.

From the actual profit.—The gross amount available for distribution.

When you have distributed, it is what is left to the employer that matters to him?—Yes, but it does bear a direct relation to the capital invested.

I am not dealing with that at all, but simply with the direct effect of legislation of this kind upon the business of a particular employer in one industry as compared with another.—I do not think your comparison valid, because you are not speaking really of the profit per £ of money invested, but of an amount of money available, after certain costs have been met, for distribution between wages and profits. If, for instance, the consequence of this legislation was (which I do not think it would be) to send up the price of coal, the total amount available, after other costs had been met, for distribution between those two sources would be increased, and it might possibly be to increase the total amount available for distribution as profits.

I am speaking of the direct and immediate effect of legislation of this kind, and I am suggesting you are doing something which is contrary to what Parliament has recently expressed strong views upon in connection with the National Defence Contribution, that is imposing by legislation something which is very un-uniform in its effect. You are compelling every employer,

no matter what industry he is in and what relation his wages bear to profits, to expend an amount of money which per individual worker is practically the same in every industry.—**Sir Walter Citrine** : I can quite see the force of your argument that the burden (put it that way) of holidays with pay in one industry may be greater than in another industry. I can quite see that. But what I cannot follow is the argument that its being done by legislation makes it heavier than if it is done by agreement or by collective negotiation.

The whole point is that when you deal with things by agreement between an industry you can make adjustments to meet that.—What do you mean by “adjustments”? Less holidays in coal than elsewhere?

No. I am not suggesting that?—What sort of adjustment should you make by collective agreement that you are not permitted to make here?

Obviously, if you have to do a thing by law you have no choice whether you do it or not, and are not in a position to discuss terms in the same way that you are when you have it done as a matter of mutual agreement between employers and employed in an industry.—We have made it as flexible, and provided as wide a scope for collective bargaining, as it is possible to do.

Mr. Bevin : *Have you, Sir Walter Citrine, ever found any loss of pride amongst staff who do not contribute?*—We provide in the Trades Union Congress three weeks' holiday with pay.

I was rather referring to the ordinary workpeople now employed in the public service and gas undertakings. In the public service they all get their holidays without contributions. Have you found the element of thrift seriously injured by that?—It is obvious it is not injured.

Is it true to say that the Trades Union Congress has set its face against any further discrimination between the different classes of workers in industry?—I think there is a feeling of profound resentment that certain classes of people whose conditions in life are on the whole agreeable (the professional classes, the commercial classes, the non-manual workers) should have infinitely longer holidays and paid holidays, than the workmen.

And if the State passed a law to single out the producer class in industry to contribute as against the rest of the classes who now enjoy holidays, there would be strong resentment?—Very strong indeed.

That is one of the main grounds against contributory holidays?—That was the reason why we did not agree to the contributory principle.

There is a tendency, is there not, against this marking off at an income limit, this discriminatory method between the different classes engaged in industry?—Yes.

And fundamentally, if there was any attempt to introduce a contributory method as regards holidays for the workmen, it would produce a great sense of inferiority of treatment, which would produce a great revulsion against any Government which attempted it?—I think it would be setting a precedent that would probably mean that all the existing schemes would be adversely affected by it.

Holidays have been extended since the War in a number of industries. Has there been any evidence that those industries have been adversely affected?—Not to my knowledge.

Has any knowledge ever come to the Trades Union Congress of any industry wanting to go back on the question of holidays with pay where it has been established?—There have been cases where holiday schemes granted

on the initiative of employers have been withdrawn for one reason or another, but they are small and dealing with particular cases. No agreed scheme to my knowledge has been withdrawn. And as for its being a burden, our information from our unions is that the employers themselves in many cases have said it has been a really good investment.

With regard to the taking of holidays, in the scheme of the Trades Union Congress you have allowed not merely for flexibility as between industry and industry, but within a district?—Yes.

For instance, if you were faced with a situation as in South Wales, in the anthracite coal trade where you had to meet the Canadian market, it might under those circumstances differ in period as against say the steam coal market?—The period of taking the holiday?

Yes.—Certainly.

You know that in transport and various other industries where holidays are granted, they have been apportioned in different periods of the year by agreement?—Yes—sometimes we think too widely apportioned.

The Trades Union Congress agree there is a need for consideration by the educational authorities of the question of taking holidays to correspond to some extent with where there has to be a general closing down?—Yes, we think we have in our general principle here given ample flexibility for all that sort of consideration.

And the Trades Union Congress would not be averse to a recommendation to the Government that educational authorities should consider the matter in relation to the general question of holidays?—Of course not.

Mr. Dukes : *On the question of the amount, it is not assumed within the Trades Union Congress scheme that the week's payment for holiday covers the liability to the workman and his family for the taking of that holiday?—Do you mean that the payment for the twelve days would meet all that the man has to pay out?*

You are not assuming that?—Oh, no.

The point I want to bring out is that all this talk of a week's holiday with pay working adversely against thrift really is unreal. The payment covers only the domestic cost for the maintenance of the home which has to be carried on even though the worker is away. Is it not the case that personal effort has to be made if he is to go away and receive a holiday over and above what is provided for by collective agreement or even legislation?—I know cases where employers—Trade Unions as a rule—provide a bonus for the holiday, which means the worker gets not merely normal wages but increased wages for that period to help him meet those added costs.

So it would be agreed that in addition to making provision for the week's holiday with pay, there is a great responsibility involving saving, thrift, and so on, to meet the holiday liability considered partly as an economic problem?—Do you mean the worker would still have to save in order to have a decent holiday? That is my point.

But he would have this very considerable assistance in doing it.—Quite so.

Mr. Elvin : *The suggestion has been made that the reduction of hours which has taken place in industry, whilst it has been a compensation for making up loss of energy owing to speeding up, might possibly be put against the right of the worker to have an annual holiday with pay. I take it the Trades Union Congress view is that notwithstanding the reduction in hours which has taken place the annual holiday is still a right which every worker should enjoy?—*

Certainly in the countries where the hours are shortest, as in Russia and France for example, the holidays are longest. That I think is the clear answer to that point.

Mr. Bevin : *Would that also be true of higher paid people generally?—*I should doubt whether any member of the present Committee has a holiday of less than two weeks duration.

Mr. Elvin : *Mr. Bevin referred to the difference which exists at the moment between the non-manual worker section of the community and the manual worker. I take it that the non-manual workers are very anxious that that discrimination should cease as quickly as possible, and that all workers should have the annual holiday with pay?—*Certainly our non-manual workers' group is as keen upon this reform as any other section.

*The suggestion has been made that there is not the same strain upon agricultural workers as there is in industry. Do I take it that the Trades Union Congress Scheme suggests that even with regard to agricultural workers it would not be at all a bad idea if they had a change from their present occupation for a short period during the year?—*Our view is that it is not a matter of comparing relative strain between industry and industry, it is a matter of a general principle that the modern speeding up of life generally, the mechanisation of industry, applies to agriculture as to other industries, and that psychologists would say (in so far as one can trust a psychologist at all) that a change of environment is absolutely necessary. The first thing a doctor says if you are run down in health is "You want a change, go away." I am sure that every member here has had that experience at some time or other. Unfortunately, the workman cannot go.

*Reference has been made to the omission of agricultural workers from the Convention which was passed at the International Labour Office last year. I happened to be at Geneva, and as representing the Trades Union Congress I made a report to the General Council on why agriculture was omitted. Is it a fact that agriculture was omitted from the scheme not because agricultural conditions were difficult to deal with but because the Officers of the International Labour Office gave the Commission the definite assurance that agriculture was to be treated separately?—*I do not know the precise reason. I cannot remember the details of the report, but it is a fact that it has been relegated separately, just as have the seamen, and in the seamen's case, as I have already said, they have arrived at a Convention which provides a longer holiday than that provided in the other.

*You can accept it as a fact.—*I am informed by Mr. Holmes that in a number of Counties, the seven-day men, such as the stack men, get fourteen days in some cases.

Mr. Holmes : Seven and fourteen days have been legalised by the Boards.

Sir Walter Citrine : The Agricultural Wages Boards.

You can accept it as a fact, because when I moved the motion that agriculture should be included, it was withdrawn on those grounds. The question of international competition has been raised, and the competition of Japan and India in regard to the cotton industry particularly has been dealt with. Is it within your knowledge that in regard to the Convention dealing with the age of admission, particularly in regard to non-industrial occupations, Japan was anxious that the school leaving age should be raised to fourteen, and that it was on the special application of India that it should be reduced to eleven, and that the British employers supported the Indian Proposition as

against that of Japan?—Again I do not recall it precisely, but I am quite sure you cannot be far wrong in saying that the British employers refused any improvement. I think that is a general statement of principle.

With regard to holidays with pay, is it not a fact that when the division was called it was only the employers, including the British employers' representatives, who voted against the principle of holidays with pay?—That is true.

Miss Loughlin : *I think the evidence submitted by the Trades Union Congress covers the points I might have wanted to raise. I think it is sufficiently explanatory, and I have only two points to ask. Would not you say that if holidays with pay were extended to the whole of the workers in this country, not only the black-coated people or distributive people, the payment came out of the profits about which we have heard? In coming out of the profits as the only medium out of which it could come it would circulate more money over a much wider field, and consequently the business of the employers would improve?—Professor Marshall, the economist, laid down that principle about 45 years ago. I do not know that it has ever been seriously challenged.*

In reply to the Chairman this morning, when he was enquiring whether you had any medical evidence to support your claim on behalf of the Trades Union Congress would you say that the constant absenteeism, in relation to women and girls particularly, in some of the larger centres of industry, perhaps in the early part of the year due to colds, is partly due to not having a holiday?—I think the holiday would on the whole increase people's resistance to disease and so on, but what I do not wish to do is to tie myself down to medical opinion on that point, because I think it is so immature that I would not care for our case to be determined on the view of particular doctors. I do not think they know enough about it.

Lady Findlay : *In point (i) on this Memorandum, you say : " Any person who engages in paid employment during the course of a holiday with pay shall be deprived of his right to payment in respect of the holiday." How far does your proposal go in that respect? I have known many cases of black-coated workers who have been on holiday and volunteered to take a special part in agricultural work during harvesting or something of that sort. Would they be debarred from holiday with pay if they accepted employment of that kind?—I think so. I think there is very much less excuse for them taking it and going into paid work than for other people.*

You can say generally it is very difficult to find employment at that time. Surely from a medical point of view, taking account of the desirability of change, it is the best possible sort of change, for sedentary workers to have outdoor employment on the land? It seems to me that you are interfering with the liberty of the individual on that point. If we are talking of thrift and the necessary expenditure a man has in taking his holiday, why should he be debarred from earning a little in order to pay for that holiday if he wishes to do it?—Why not volunteer as a yachtsman to work for a fortnight in replacing the crew of a yacht or steamer?

You would debar him?—Most certainly. I think it is quite equitable that we should.

Take the case of a man with a remunerative hobby. At the last sitting the question was raised of a man making wireless sets. Would you preclude him from spending part of his holiday making wireless sets for sale? I am only taking that as a general example.—Certainly, I think generally the

principle we ought to work upon is that the period that a man gets for holiday he should take as a holiday. He may be a very peculiar person who spends his time making wireless sets for the whole of his holiday period, a very odd sort of person. I can understand the importance of hobbies as a factor in recreation and rest, but when it comes to doing that sort of thing for a week instead of taking a holiday, I think you would find such cases very much the exception, and it would not do people any harm to preclude them.

You would preclude remunerative hobbies during the holiday ?—Certainly.

*I think you would be interfering with the liberty of the individual if he possibly wanted to make a little extra for his holiday.—*Is the employer in the wireless industry who under the law is required to provide a holiday with pay for the employees, not entitled to be protected against the competition of the man exploiting himself for the purpose of getting

*It would not be very serious competition.—*Then why worry about it if that is the case ? Why not say it is such a tiny minority involved that we cannot violate the general rule on that account ?

*The other point was whether a man who happens to be living in the neighbourhood during his holiday should be precluded from taking part in harvesting or other agricultural work ?—*I think anybody who is being paid for a holiday has no right to take that work, whether in agriculture or on the sea or where it may be.

Thank you.

Captain Deakin : *We often get cases of fruit pickers who come from industrial areas. Women come for fruit picking for say a month or six weeks, and round about the August weeks very often we have men coming as well. It is quite likely these men take their holiday in August week. At the present time they help their wives and daughters in fruit picking. Should such men be debarred from doing that ?—*Certainly. I think it can be taken as a general rule that when people work during their holiday, whether working on a farm or whatever it may be, the reason is economic and is not for the purpose of gaining rest. "Rest" is not the proper expression—recuperation and change and fresh air. It is not for that reason, it is because they make something in the process, and that is not a position that I personally wish to support.

*You would not deny the improvement in the condition of some of these people who do come into the country from industrial areas for fruit picking ? Their physical condition is enormously improved during the time they are working in the country.—*Certainly, but I think it would be much more improved if they did not work but simply enjoyed themselves for the holiday period.

*I am talking of the people who generally come down for work.—*Yes.

*The husband comes to visit them, and possibly they get a very cheap holiday because they do not have to pay for their accommodation, and it may be they help their wives and children to earn a little extra.—*Yes.—**Mr. Holmes :** They do pay for their accommodation.

Mr. Bevin : *The point made is that many of these people going to the country to work, not only for fruit picking, are very often charged for the accommodation.—***Mr. Holmes :** Yes. In the Wages Board Orders we have to lay down a figure for beds, straw, hut accommodation, above which the farmer cannot deduct, because they have been charged much more

than necessary for mere straw to lie on. Sixpence a bundle for straw is deducted. So they do not get it for nothing.

Captain Deakin : *You do not suggest that practice is general?—It is laid down in the Orders.*

That does not necessarily mean it is charged. You are not suggesting that every fruit picker or every hop picker who comes into the country for work is charged for his accommodation?—Yes, most of them. Most of them are.

—Sir Walter Citrine : *I do not think as applied to the general point, that it is a good thing for the country as a whole to subsidise cheap labour ; to pay a man for a holiday so that he can work for almost anything the farmer may care to pay him.*

At the present time there is very great difficulty indeed in getting sufficient labour for fruit picking. There is no doubt about that at all. I have some experience of it, and it is practically impossible to get sufficient labour for fruit picking at a particular time. We do get help from these people, and they benefit from it.

Mr. Bevin : *Is not the insufficiency of labour due to the low wages paid ?*

Mr. Elvin : *Is not the point also that what Captain Deakin has referred to is due to the present system under which the principle of holidays is dealt with ? These people are obliged to undertake this work because otherwise they would not get a holiday, but if there were a legalised system of holidays with pay it would not be necessary for them to do this work. Under the Trades Union Congress scheme they would not be allowed to undertake it because they would already be getting holidays with pay.—If you open the door to exceptions in agriculture or anything else, you can find a hundred and one reasons which would justify opening the door in other places as well, and the whole idea of this holiday system would be destroyed, in my view.*

Captain Deakin : *I am suggesting that the workman would be much better off if he came to the country, even if he was paid, and worked in the country with his wife and friends, than if he stayed in, say, Dudley, and took no holiday.*

Chairman : *Where a worker chooses to go fruit picking he does not get paid for his holiday under the scheme ?*

Mr. Bevin : *If he takes alternative employment the employer he works for is released from his liability and the farmer has to pay him. He cannot get the two.—That is our point. We are against subsidising agriculture in this way.*

Chairman : *One point recognised as a fact is that an industrial worker in a big town should get a good blow in the country whether working or not ?—Certainly. That is another matter altogether.*

Chairman : *Lady Findlay raised a point, on which I think there was misunderstanding. The making of wireless sets on holiday is a small matter, but take it as an example. I understood in your answers that your objection was that a person should not in his holiday be paid for other employment?—Yes.*

In the case of a worker having as a hobby the making of wireless sets, he is working for himself, and I take it in that case he does not come within your exception?—It is a slippery slope : if we get on it we will glide right down it. If a man is making a set for himself I have not the least objection in the world; but if he is going to sell the set (presuming that was the purpose of his

making it) in effect that set is going to be sold in competition with sets made by employers and workers, who themselves are not allowed to take that similar work. If you do not debar a man in some other industry from making wireless sets, for what reason should you debar a man actually working in the wireless industry from doing the same thing? You are talking of a man whose hobby is to make wireless sets in his holiday, and if he is being paid for that, I cannot see the difference in principle between that person and the man or woman actually engaged in the manufacture of wireless sets being debarred from doing the same thing during their holiday. I cannot see the difference in principle at all.

Lady Findlay : *Why should not he go on doing what he likes?—You explode the whole theory.*

Wireless sets were an illustration. If a man making anything as part of his employment all the year round wants a change of occupation during his holiday and chooses to make something else, are you going to preclude him doing that if he likes? If a man wants a change of occupation and would like to make a little money from a remunerative hobby, is he to be debarred from following his hobby in his holiday? It may be his hobby is to work in a harvest field, or to make wireless sets.—If you start that system you will be opening the door to abuses, because it would mean in effect that instead of taking the holiday people would be taking other work of a low-paid character. That is what would happen.

That is one point of view. The other is that by adopting your principle you would be interfering with the liberty and the enterprise of the individual who sees a way of occupying himself in a manner which interests him and allows him to make a little extra money. I think you would be precluding him from adding to his income in a rather invidious way.—This reform would give increased liberty to many millions of individuals to have a holiday, and would be denying the right to work during the holiday to only a handful of others.

I have the greatest sympathy with every individual having a holiday, only I would like to protect them from what you called, I think, the long nose of the State or the employer looking into what they were doing in the holiday. I would like them to have freedom to do what they wished, even if it included the making of a little extra money.—I have no doubt the Committee will consider this point in detail, but I am sure when you look into it you will find the gradation of difference between a person doing a thing as a hobby and from economic necessity is very fine.

Sir Frederick Richmond : *You made a bitter and, I would suggest, rather unfair remark when you said you could always rely on the British employer opposing any reform of any kind.—I was speaking of Geneva.*

Only at Geneva?—Oh yes.

He alters his complexion when he gets to Geneva?

Mr. Elvin : *Absolutely.*

Mr. Wiggins : *Because he is up against a different set of circumstances.*

Sir Walter Citrine : *When they get to Geneva they find every reason for disagreeing.*

Sir Evan Williams : *Not when they have previously agreed?—No, of course.*

Sir Frederick Richmond : *Is it not a fact (and I know the Continent pretty well) that the Englishman is rather frightened about entering into an agreement which he does not absolutely intend to honour ; while some of our*

foreign competitors will make as wonderful an agreement as you like, but immediately find the means of driving a coach and four through it?

Sir Frederick Richmond : *You mentioned the case of the 62½ per cent. increase in costs of production at Roubaix. Do you know that the Roubaix people are in extremis?—With 62 per cent. added to their costs, I can understand there would be certain difficulties.*

As a matter of fact, I think we all know, at any rate those who have business interests in France, that there have been tremendous alterations in the system there ; that there are numberless things which have been agreed to which will have to go by the board, and indeed many have already gone by the board, and are being ignored and winked at by the authorities.—All this is very serious, because while what you have generally stated might have been true many years ago, I would remind you the French Trade Union Movement to-day is as numerically powerful as the British Trade Union Movement, and vis-a-vis its Government in a more powerful position to check abuses.

I understand they are agreeing to them.—I claim to be as informed about legislative conditions in France as anybody here

I am not talking of legislation.

Mr. Bevin : *If what you say is true on labour matters, how is it possible for the same Government to enter into treaties with our Government?*

Sir Frederick Richmond : *We are not concerned with Governments.—*

Mr. Bevin : *If you say the word of another country cannot be taken (and it is a very serious thing to say), how then is it possible for this Government in Britain ever to take the word of any other Government on anything?*

Sir Frederick Richmond : *I will not say any other Government. I say that the average country (European or otherwise) plays on a different wicket from what we do. I have had many contracts which I have placed by word of mouth with English firms ; I would accept their word, and they would accept mine. But that is not so when I am dealing with many foreign firms.*

Mr. Bevin : *We like our Labour Agreements in this country in writing.*

Sir Walter Citrine : *I think my original point, if I may say so, Mr. Chairman, was not properly appreciated. I tried to meet the argument that International competition would be made more severe and to our disadvantage as a country by this reform, by saying that when the opportunity of making an International Agreement which would avoid the sharpness of that competition presented itself, the British employers invariably were opposed to any such arrangement ; and I challenge any employer here to say it is not true.*

Mr. Wiggins : *While we could make arrangements with European States the Eastern countries always stand out.—There is no real alternative to making agreements. If you are not ready to make any agreement, broadly speaking, with your foreign competitors, the status quo remains, and you are fighting them. We think that despite the distrust of employers in other countries—which is not very complimentary because you make Cartel arrangements with them*

With some.—Well, in countries and industries where you found it possible for Agreements to be carried out.

Mr. Bevin : *Including Japan.—Sir Walter Citrine :* *It is an extraordinary situation when you find the British throwing the white sheet*

of virtue around themselves and saying, "We are the only people who will possibly carry out an Agreement." That is an impossible attitude of mind.

Mr. Wiggins : *There is no such thing in our competitors' minds as a real Forty Hour Week as we understand it in this country.*—That is another point. I do not accept it.—**Mr. Lawther :** The only industry in Europe in which longer hours have been instituted is in Britain in mining. No Continental country ever did that.

Mr. Wiggins : *When they talk of a Forty Hour Week they have such qualifications that it ceases to be a Forty Hour Week.*

Chairman : *Have you any observations to make generally, Sir Walter ?*

—**Sir Walter Citrine :** We realise our evidence is incomplete and we should welcome an opportunity when the inquiry has developed more of being able to come to you again.

Sir David Owen was to be here at two o'clock and would no doubt like to put some questions to you. Could you attend at two ?—Certainly.

(The hearing was adjourned until two o'clock.)

(On resumption.)

Chairman : *Have you any questions, Sir David ?*

Sir David Owen : *Well, Sir, I read the evidence very carefully and a question I was going to ask (I am sorry I was not here this morning and am at a disadvantage—it may have been covered) is how the scheme proposed by the Trades Union Congress would affect casual labour. I dare say my friend Mr. Bevin has covered this ground. On the question of casual labour I was thinking particularly of the shipping and dock industry?*—**Sir Walter Citrine :** Well, we did not go into the matter in any detail in this morning's discussion. But, as you probably have noticed, we have in our memorandum touched upon port labour, for instance, in paragraph 26 and paragraph 28, which show the operation of the schemes in Belgium and in France, where they have legislation dealing with holidays with pay. I have particulars about the way they do it in Belgium, if it would interest you. At the moment they have regulations applying the scheme approved by a joint committee for the two ports of Brussels and Vilvorde. The length of the holiday is based upon the number of days that actually have been worked, and there is an appropriate scale determining it. For 25 to 74 days that are worked the holiday would be a one day's holiday. The maximum is 275 days and over, when they would be entitled to the full period of six days. You know the Belgian law provides for a six-day holiday, and not the twelve we claim here. The French law provides for a twelve-day holiday. I am speaking now of Belgium. The way the administration works is this : the stamps are sold by the Post Office, and for each day's work stamps to the value of one and a-half francs are affixed to holiday cards supplied to the workers. For each half-day's work a stamp of one franc or half a franc will be fixed alternately. Evidently they work on some sort of system of averages, and the committees of the two ports will establish the number of the workers who are to be granted holidays with pay. Now, I assume from that they are going to aim at some sort of registration system, similar to that which exists in the ports in this country, so they can tend by this holiday system to decasualise the industry as much as possible. The French system, I think, is somewhat similar. They have special schemes, called compensation schemes, which we would probably call holiday schemes, or funds, applying to the port and building workers. You know that the legislation in France was passed within a matter of two or three

weeks after the French Government took office, and I think it is found that legislation passed in that hurried fashion necessarily left a great many things in a state of incompleteness and ambiguity, which would not be the case where you have ample time to prepare for it. We in our evidence (and this is just a general observation) have aimed at putting the onus upon the employers and Trade Unions in particular industries to propound schemes within a certain broad framework established by the law. So we think by that means the practical people will have two sets of experience to go by, (1) experience of other countries and the difficulties they have come up against, plus, of course, the Report of this Committee; and (2) their own experience in their own industries. This will enable them to avoid the difficulties which the hasty legislation in France could not possibly foresee. If we asked the Government next month to legislate for holidays with pay we should find a great many ambiguities and difficulties arising from it. In regard to France they have found they have to provide in some way for the casual, intermittent workers, and they have done it by Decree. In nearly every case they are basing it upon the number of hours worked. It is not dissimilar to the position in Belgium.

Thank you. My difficulty, of course, quite frankly over this is that any scheme for holidays with pay in case of casual labour of this nature involves the intervention of the State in some form or another. Does it not? You agree with that?—Yes.

In many industries it is possible to adopt the principle of holidays with pay without much difficulty, but in the case under discussion, in regard to dock labour, for instance, a rather complicated scheme of stamps, or something of that sort, is involved. But you have only given a broad indication how it might be done?—We would be the last to tie ourselves down to the precise way it is to be carried out, because we should be pre-judging what the employers and trade unions would perhaps discover would be the best way of carrying it out.

Does your scheme involve contribution by the State?—No, we were questioned on that this morning.

It is merely the employer and the employed?—No, the employer only. I thought that is what you meant.

Have you considered the case of the seaman? Perhaps that does not come within your purview?—We were asked, I think, some question about that this morning, and I replied to it by saying that we looked upon our scheme, our evidence, as being all-embracing, and taking in seamen, agricultural workers, domestic workers, and others. I said that in regard to seamen a Convention had been come to at Geneva, apart from the general Convention on holidays with pay, which was more liberal in the provision for holidays. For example, in the case of the Masters of the Vessels they receive a twelve days' holiday under the Convention, while the officers, wireless operators, and the general members of the crew receive nine days. I have the broad conditions under which the holidays are to be taken, and calculations for holidays made, and so forth. It would appear from these that they did not find it difficult, certainly no more difficult to provide for seamen than they found in the case of the general workers.

Chairman : *Is there anything further you would like to add, Sir Walter?—Yes, Sir. There is just one general observation I would like to make, and that is that in paragraph 52 of our memorandum we refer to the benefit of holidays with pay. Now, this morning the discussion turned almost*

entirely upon, at least the majority of the questions (I will put it in that way) were directed entirely to, the question of monetary costs. They did not take into account at all, as our evidence does here, the possible off-setting to costs not merely in the way of communal well-being but actually in improved efficiency in the employee himself. We think that is a very important factor. It is one of those things it is impossible to dogmatise about, and we have seen quite a number of schemes in which the employers themselves had attested that the effect of the holidays had been greatly to improve the physique and the power of the operatives, and in some cases actually to have increased output despite the holiday period. I think that is a fact which ought to be considered by you: the possibility of the employee, because of his holiday, coming back a more efficient worker than he might otherwise be. It is an economic advantage.

Of course that would be an advantage of the holiday.

Mr. Wiggins : *How would you manage to get increased output? Would you increase the speed of machines after the holidays?*—**Mr. Woodcock :** There is the saving from the prevention of individual breakdown.

You sometimes find more breakdowns after the holiday than before. Everybody does not spend them wisely.—**Sir Walter Citrine :** They have been worrying all the time how they will live during the holiday.

In Lancashire they save for their holiday which shows they have a fairly decent wage?—If you wish to go into figures, I would point out that the figure the Ministry of Labour publishes in regard to the average wage in the textile industry is well below

You must not compare it with industries where you have nothing but men. We have men, women, boys, and girls.

Mr. Bevin : *That is the real danger of thrift, the employers count it up and use it as evidence against the workmen.* **Sir Walter Citrine :** It is not a very high average. Take the Ministry of Labour Gazette, of February, 1937

Mr. Wiggins : *They were all working short time then, so that is nothing to go by.*—I only say it is a low average. The average in the country is 50s. 11d., and your average is 36s.

Suppose they were only working 36 hours a week?—The point is they are unable to provide for their holidays.—**Mr. Woodcock :** They do not all save, Mr. Wiggins.

Mr. Wiggins : *No, I can never save.*

Chairman : *We are very much obliged to you and your colleagues for your assistance. I understand that you would like to supplement your evidence later.*

Published by the
Trades Union Congress,
Smith Square, S.W.1, and
printed by The Co-operative
Printing Society, Tudor Street,
London, E.C.4

